

County of Volusia

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April 18, 2002

Read C. Van de Water
Assistant Secretary for Aviation
And International Affairs
Docket Operations and Media Management Division
SVC – 124, Room PL-401
Department of Transportation
400 7th Street SW
Washington DC 20590

Re: OST-2002-11590- 35

Dear Secretary Van de Water:

On behalf of Volusia County Council, the Air Service Development Working Group and the Daytona Beach International Airport, we are pleased to be a partner in making the enclosed Proposal and Application under the Small Community Air Service Development Pilot Program.

Prior to September 11, 2001 Continental Airlines had provided the Airport's only daily non-stop service to New York / Newark (EWR) carrying nearly 70,000 people per year. As a result of the economic downturn, following September 11, Continental was forced to withdraw its New York / Newark (EWR) Service which had been operating over the prior decade. New York is clearly our community's strongest market although no other airline has been willing to step forward and fill this public need despite ongoing efforts and communication by airport staff with numerous airlines. New York has thus become our community's most under-served market

Under the attached Proposal and Application, Continental has agreed to resume service to New York / Newark (EWR) under conditions of a one year revenue guarantee provided by the Department of Transportation under the Pilot Program.

Continental's service concept is exciting because they have agreed to use their new long-range regional jet, the EMB-145 XRJ with twice daily frequency. The proposed schedule will provide excellent connections beyond Newark, both domestically and

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internationally. The proposed service offers a much improved operation over Continental's prior New York service which relied on a single daily frequency that provided reduced connectivity and return capability. As envisioned, the proposed Continental service will infuse new competition into the local air service market and thereby provide a means to recapture traffic leakage, and stabilize fares thereby providing much improved access to the national air transportation system.

In support of this proposal, the Airport's Air Service Development Working Group and Volusia County will provide an extensive Marketing Partnership Program designed to rapidly inform the public of the new service and promote its development. The Marketing Partnership Program will be implemented in cooperation with Continental Airlines who will fully participate and support the efforts of the Air Service Development Working Group. The Department of Transportation's support in approving this Proposal will allow Continental the ability to restart this needed air service which would not otherwise be possible in the foreseeable future. As detailed in the Proposal, it is projected the proposed New York service will prove self-sustaining within a 12-month period and should not require further Department of Transportation financial support beyond that point.

As owner and operator of the Daytona Beach International Airport, Volusia County Council is vitally concerned with the growth, development and success of our beautiful airport. Within the past year, Volusia County has created a new Department of Economic Development dedicated to attracting new business enterprises while supporting existing business enterprises. Daytona Beach International Airport plays a critical role in this process due the importance of air transportation to modern business as well as the expectations of prospective companies when they choose a community in which to locate.

We appreciate the opportunity to make this Proposal **and** Application and urge your early and favorable consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann McFall", written in a cursive style.

Ann McFall, Chair
Volusia County Council Member District 5

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**Proposal and Grant Application under the
Small Community Air Service Development Pilot Program**

Daytona Beach International Airport

Daytona Beach, Florida

Docket Number: OST-2002-11590

Submitted By:

Volusia County, Florida

Air Service Development Working Group

April 18, 2002

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- A. Airport Master Record
- B. Summary of DAB AIP Grants – 1983-2001
- C. Community Letters of Support
- D. Traffic Leakage Study – 1998
- E. Traffic Leakage Study - 1999
- F. Volusia County Migration Study – 2002
- G. New York Service Survey 2001
- H. Historic Daytona Beach (DAB) New York (EWR) Passenger Traffic
- I. Continental Letter of Commitment & RASM Performance – September 2001 – January 2002
- J. Total EWR Connections Available with Proposed Twice Daily Service
- K. DAB-CO Marketing Partnership Program
- L. Daytona Beach Visitor Study – 2001 Mid-Florida Marketing and Research
- M. Airport Operating Budgets - FY 1999-2000, 2000-2001 and 2001-2002
- N. 5 Year Strategic Plan – Air Service Development Working Group
- O. Air Service Development Working Group Members

Small Community Air Service Development Pilot Program Proposal
Daytona Beach International Airport
Docket Number OST-2002-22590

Section 1. Description of Existing Daytona Beach Air Service

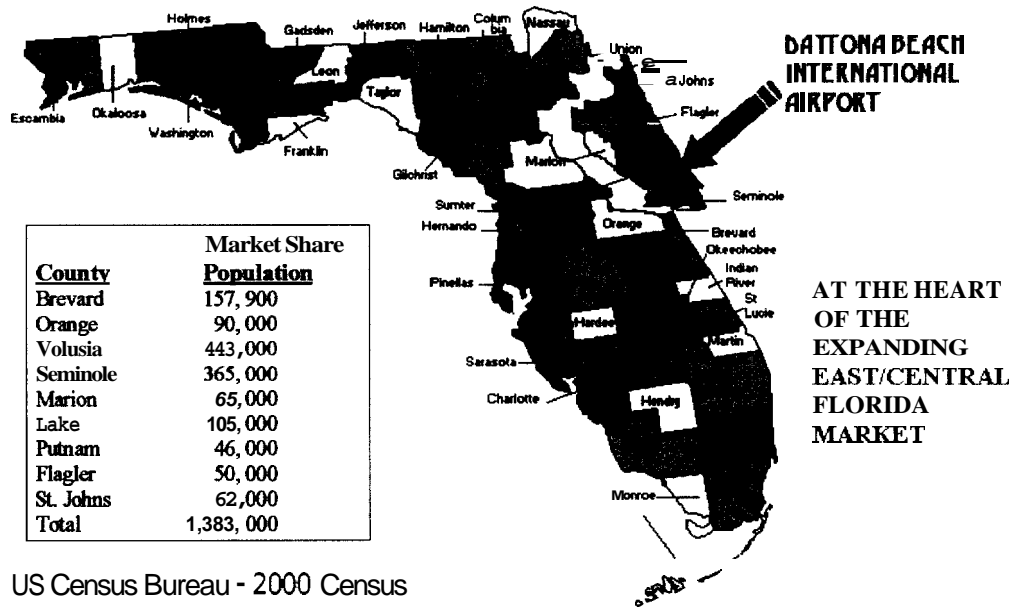
a. Community Location, Geography and Available Facilities

Daytona Beach International Airport is a non-hub commercial service Airport located in Volusia County, Florida along the Atlantic coastline within the eastern central portion of the state. The Airport is approximately 3 miles southwest of the City of Daytona Beach with a total land area of approximately 2,000 acres. Daytona Beach International Airport is owned and operated by Volusia County and is located within minutes of the intersection of interstate highways 4 and 95. Interstate highways 4 and 95 provide rapid, convenient and reliable ground access between the Airport and surrounding counties. The airport is located approximately 65 miles north of Orlando International Airport (MCO) and 90 miles south of Jacksonville International Airport (JAX). The Airport's main east west runway is 10,500 feet in length with a secondary 6,001 foot north south runway, and a 3,195 foot parallel runway. All runways and aircraft parking areas are supported by an extensive lighted taxiway system. The airport has a full range of navigation aids and aeronautical services available, including a Category 1 instrument landing system (ILS), runway visual range (RVR), Airport Weather Observation System (AWOS), low level wind shear protection, MALSAR approach lighting system and full time air traffic control and radar approach control services provided by the Federal Aviation Administration, (See Attachment A). With the exception of the years during World War II, Daytona Beach has supported some form of commercial airline service since 1930. Since the earliest days of commercial aviation, the Daytona Beach route structure has supported north south movement of passengers and freight primarily within the eastern United States with various intrastate routes evident during various times in the Airport's history. Since 1983, approximately \$44 million in federal AIP grant funds have been expended on capital and planning projects at Daytona Beach International Airport, (See Attachment B). In 1992, a 175,000 square foot six gate terminal was constructed under a \$46 million dollar Airport Revenue Bond issue at the request of four major airlines. These included Delta Air Lines, Continental Airlines, American Airlines and US Airways. At present, only Delta and the Continental Connection Carrier, Gulfstream International Airlines provide regular scheduled airline service to the Daytona Beach community and region. Signatory Airline Airport Use Agreements executed in 1992 are now scheduled to expire in October 2002. These agreements provided a ten year commitment for the airlines to pay required debt service incurred by Volusia County to construct the terminal. After October 2002, only Delta Air Lines has currently expressed interest in extending their Airport Use Agreement. The Daytona Beach airport system is fully capable of launching and receiving the full range of large transport and commercial aircraft with considerable available capacity and related infrastructure necessary to allow immediate increase in scheduled commercial airline service.

b. Regional Market

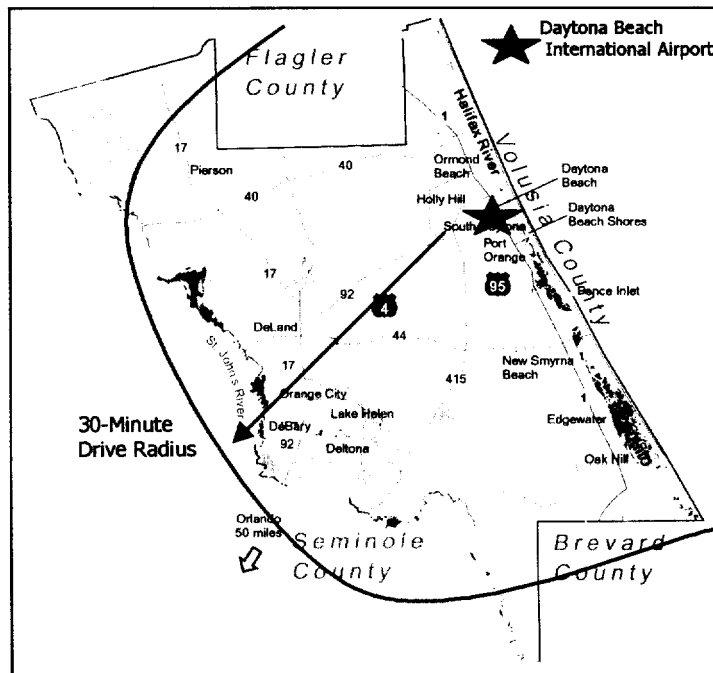
Daytona Beach International Airport serves a regional air service market consisting of portions of nine Florida counties as shown in Figure 1. Current population of this market area is 1,383,000 people based on 2000 U.S. Census information. Figure 2 shows the area's short drive time market consisting of a 30-minute drive time to the airport. This market includes areas of Volusia, Flagler, Seminole and Brevard Counties.

Figure 1: Regional Market



Source: US Census Bureau - 2000 Census

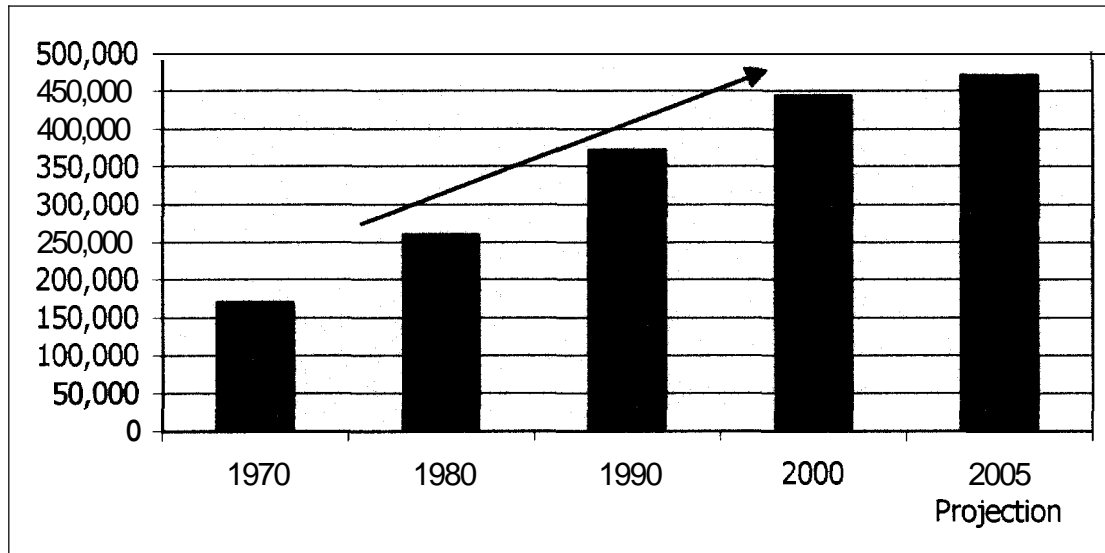
Figure 2: Short Distance Drive Market



c. Population Growth

Figure 3 below presents population growth in Volusia County between 1970 and the latest 2000 Census information. Based on this information it has been estimated that annual population growth rate in Volusia County will average 6% through 2005. Population growth within the remainder of DAB's air service region, encompassing portions of nine Florida counties is projected to also grow at an equal or greater rate.

**Figure 3:
Volusia County Population Growth 1970 – 2000**

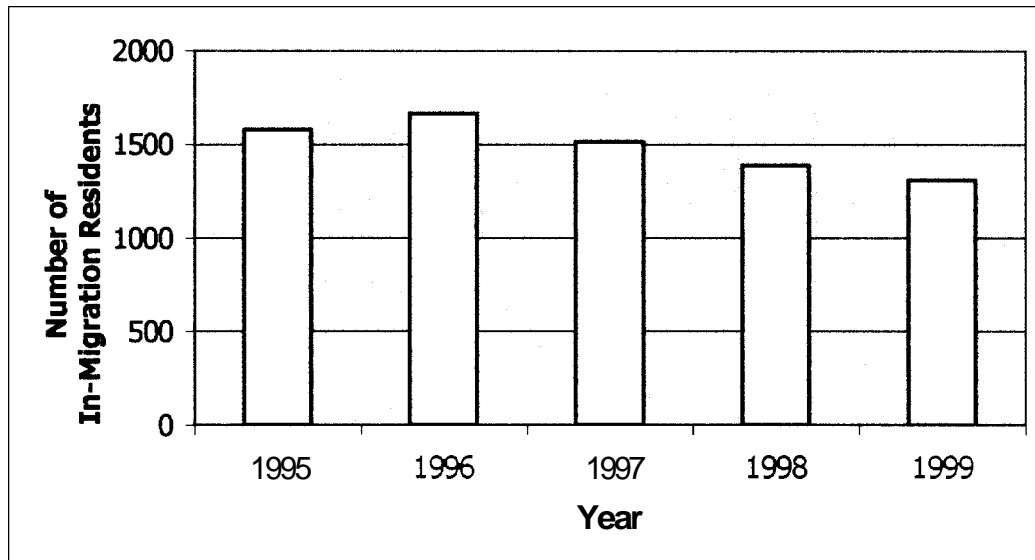


d. Inbound Visitor Growth and In-Migration

In the year 2000, Daytona Beach welcomed 8.5 million visitors, both international and domestic. The number of visitors to the area marked a 5% increase from 1999's total of 8.1 million, (See Attachment L). The Daytona Beach marketing firm, Mid-Florida Marketing and Research compiles this data on an annual basis. The data provided by Mid-Florida Marketing and Research is specific to Daytona Beach. The top three states for visitors to Daytona Beach include Georgia, Ohio and New York, respectively. According to Mid-Florida Marketing and Research, New York provided a total of 325,308 visitors to the Daytona Beach area in the year 2000. This is significant because the data is focused only on the Daytona Beach area, excluding the vast majority of the airport's service region shown on Figure 1. Total visitor numbers for 2002 had been projected by Mid-Florida Marketing to reach 9.5 million. However, this projection was done prior to September 11, and based on more recent visitor numbers and collections of the hotel bed tax, total visitors for 2002 should be somewhat less than predicted through the end of the year.

In January 2002, the Volusia County Department of Economic Development conducted a five-year review of in-migration to Volusia County. The data shows that as New York is a top market for visitors to the Daytona Beach area, New York also provides the strongest pattern of in-migration to Volusia County, among all states, excluding Florida. As shown in Figure 4 on the following page, an average of 1,400 to 1,500 residents from New York relocate to Volusia County each year, (See Attachment F).

Figure 4
Volusia County – In-Migration Trends for 1995 through 1999
Net In-Migration from New York



Source: 5 Year Review Volusia County, Florida Migration Report-2002

e. Current DAB Nonstop and Direct Air Service

In March, Delta Air Lines provided nine scheduled daily nonstop flights between Daytona Beach (DAB) and Delta's Atlanta hub plus two additional nonstop flights on Saturday between Daytona Beach and Delta's Cincinnati hub. Delta's equipment currently includes the 142 seat MD-88 aircraft operated by Delta mainline service and the 50 seat Canadair regional jet operated by Delta's subsidiary, Atlantic Southeast Airlines. Delta's Saturday Cincinnati service is provided by a second Delta subsidiary, Comair also using the 50 seat Canadair regional jet. At the end of April 2002, two of Delta's flights will be discontinued thereby reducing Delta's daily departures in Daytona Beach from nine to seven. Delta's current schedule also provides direct same plane service through Atlanta to Minneapolis, Dayton and Greenville. Originating cities with direct same plane inbound service to Daytona Beach through Atlanta include Columbus, Minneapolis, Chicago, and Memphis. Since September 11, Delta's market share at Daytona Beach International Airport has been approximately 97% following termination of Continental's daily B-737 flight to Newark on September 11. Continental Airlines had provided the airport's only nonstop Newark / New York service over the previous decade with a 15% to 17% market share of total airport traffic. The Airport's current weekly airline schedule is presented in Figure 5 on the following page.

Figure 5: Current DAB Nonstop and Direct Air Service

April 2002 - Arrivals				
Time	Airline	Flt. #	Origination	Frequency
9:35 a.m.	Delta	1154	Columbus / Atlanta	Daily
11:20 a.m.	ASA	4513	Atlanta	Daily
11:25 a.m.	Comair	5360	Minneapolis St. Paul / Cincinnati	Saturday only
1:00 p.m.	Vintage	102	Marsh Harbour / Treasure Cay	Daily
2:00 p.m.	ASA	4727	Atlanta	Daily
2:58 p.m.	ASA	4534	Atlanta	Daily
3:00 p.m.	Vintage	601	Key West / Orlando	M - F
3:25 p.m.	Continental	9297	Tampa	Daily
5:10 p.m.	Comair	5943	Cincinnati	Saturday only
5:27 p.m.	ASA	4538	Atlanta	Daily
6:20 p.m.	Continental	9261	Tampa	Daily
6:25 p.m.	Champion Air	131	Detroit	April 8 only
6:30 p.m.	Vintage	110	Marsh Harbour / Treasure Cay	Daily (if needed)
6:30 p.m.	Delta	1175	Chicago O'Hare / Atlanta	Daily
7:15 p.m.	Vintage	302	Orlando	M - F
9:58 p.m.	Delta	2192	Memphis / Atlanta	Daily
11:08 p.m.	Delta	2019	Minneapolis St. Paul / Atlanta	Daily

Time	Airline	Flt. #	Destination	Frequency
5:50 a.m.	Delta	1716	Atlanta / Minneapolis	Daily
6:00 a.m.	Continental	9260	Tampa	Sun. thru Fri.
7:20 a.m.	Delta	1210	Atlanta / Dayton	Daily
8:30 a.m.	Vintage	103	Treasure Cay / Marsh Harbour	Daily
10:00 a.m.	Vintage	501	Orlando / Key West	M - F
10:35 a.m.	Delta	984	Atlanta / Greenville, SC	Daily
11:45 a.m.	Comair	5942	Cincinnati	Saturday only
11:55 a.m.	ASA	4514	Atlanta	Daily
2:00 p.m.	Vintage	202	Orlando / Tallahassee	M - F
2:30 p.m.	Vintage	109	Treasure Cay / Marsh Harbour	Daily (if needed)
2:35 p.m.	ASA	4728	Atlanta	Daily
3:40 p.m.	ASA	4535	Atlanta	Daily
4:20 p.m.	Continental	9292	Tampa	Daily
5:35 p.m.	Comair	5371	Cincinnati / Minneapolis	Saturday only
6:10 p.m.	ASA	4539	Atlanta	Daily
6:50 p.m.	Continental	9304	Tampa	Friday only
7:25 p.m.	Champion Air	130	Detroit	April 8 only
7:25 p.m.	Delta	520	Atlanta / Dayton	Daily

Beginning February 1, 2002, Continental Connection Carrier, Gulfstream International Airlines began service between Daytona Beach and Tampa International Airport, offering fourteen weekly nonstop flights using 19 seat Beech 1900 D model aircraft. Connecting mainline service on Continental Airlines is provided in Tampa to Houston, Detroit, Minneapolis, Cleveland and Newark. Gulfstream also provides connecting intrastate service in Tampa to Fort Myers, Key

West, Fort Lauderdale and Miami. During February 2002, Gulfstream carried 976 total passengers or approximately 2% of total airport passengers for the month of February.

In summary, Delta and Continental Connection Carrier, Gulfstream now provide the only scheduled airline service in Daytona Beach with Delta clearly the dominant carrier by a huge margin. Figure 6 below shows total monthly passenger traffic and load factor for 2001 compared with January, February and March 2002.

	Passengers		Total Seats		Load Factor	
MONTH	2001	2002	2001	2002	2001	2002
January	40,134	32,048	60,192	44,064	67%	73%
February	42,643	39,680	57,830	53,814	74%	74%
March	53,718	54,331	62,762	59,994	86%	91%
April	48,819	-	55,306	-	88%	
May	48,999	-	56,552	-	87%	
June	47,203	-	54,374	-	87%	
July	50,055	-	56,238	-	89%	
August	48,350	-	56,244	-	86%	
September	26,228	-	42,996	-	61%	
October	35,148	-	48,416	-	73%	
November	33,891	-	41,560	-	82%	
December	32,270	-	44,548	-	72%	
Totals	507,458	71,728	637,018	97,878	80%	73%
Source: Daytona Beach International Airport/ Air Carrier Monthly Activity Report 2001/2002 – Total Passengers						

f. Top 50 O & D Markets Served by Delta Air Lines with Comparison of DAB Fares with MCO and JAX

On March 21, 2002, a comparative survey of lowest available round trip fares offered by Delta Air Lines to Daytona's top 50 markets was conducted by airport staff in cooperation with Herb Sussman World Travel, a local Daytona Beach travel agency. Round trip fares offered by Delta to these top markets were compared with Delta's lowest available fares to the same cities from Orlando (MCO) and Jacksonville (JAX). This comparison assumed a 21-day advance purchase window as well as a separate comparison assuming a 7-day advance purchase window, (See Figures 7 & 8).

The purpose of this fare comparison was to demonstrate the effects of DAB's constrained competitive environment that essentially relies on a single airline with 7 departures per day. This contrasts sharply with the highly competitive air service environment at Orlando (MCO) which now offers 354 daily departures and Jacksonville (JAX) which offers 220 daily departures through numerous competitive air carriers.

Findings of the Delta Air Lines fare comparison indicated that as of March 21, 2002, Delta's Daytona Beach fares were averaging 13% higher than service to the same cities from MCO and 15% higher than service to the same cities from JAX assuming the 21 day advance purchase window. Over the past several years, a similar pattern of DAB fare premiums compared to MCO and JAX has been observed and documented by airport staff on numerous occasions. The detail of the most recent fare comparison is presented in Figures 7 and 8.

An important variable that has tended to exacerbate Daytona Beach fare premiums prior to September 11 has been strong passenger loads, principally due to limited available seat inventory provided by Delta. Given weaker load factors and many more available seats at **MCO** and **JAX**, combined with yield management pricing, fare quotes at Daytona Beach have often been higher than similar quotes by Delta in **MCO** or **JAX**, again reflecting the lack of competitive air service. Expanding the fare analysis to include all competitive airlines at **MCO** and **JAX**, including low fare carriers, would increase the fare disparity, thereby explaining significant traffic leakage that has been evident in the Daytona Beach market over the past decade.

To better quantify Daytona Beach traffic leakage, airport staff conducted separate ticket lift surveys in **1998** and **1999** at seven local travel agencies located no further than 27 miles from the airport. In each case nearly 2,000 recently sold tickets were surveyed to identify the airline and airport utilized by the local air traveler. These two ticket lift surveys confirmed that 50% to 60% of all local Daytona Beach ticket sales were for travel from **MCO** or **JAX** with **MCO** receiving **80%-90%** of the traffic leakage. On a daily basis, this condition places large numbers of local air travelers on long road trips to alternate airports without regard to the fact that Daytona Beach has all the necessary facilities and infrastructure to serve local travelers given adequate air service options and fares. This condition of high traffic leakage is a direct result of lack of competitive air service, inadequate seat inventory and resulting fare differentials at Daytona Beach International Airport. The referenced ticket lift surveys are attached hereto as Attachments D & E.

**Figure 7: DAB Top 50 O&D Markets Lowest Delta Fare Comparison
With MCO & JAX - 21 Day Advance Purchase**

Rank	Market	RT DAB Fare	RT MCO Fare	DAB Fare Premium	%	RT JAX Fare	DAB Fare Premium	%
1	EWR	\$209	\$189	\$20	11%	\$181	\$28	15%
2	ATL	\$231	\$191	\$40	21%	\$141	\$90	64%
3	BOS	\$211	\$149	\$62	42%	\$181	\$30	17%
4	BDL	\$186	\$183	\$3	2%	\$181	\$5	3%
5	BWI	\$199	\$159	\$40	25%	\$184	\$15	8%
6	LGA	\$191	\$171	\$20	12%	\$179	\$12	7%
7	ORD	\$235	\$183	\$52	28%	\$145	\$90	62%
8	DTW	\$203	\$190	\$13	7%	\$190	\$13	7%
9	DCA	\$202	\$184	\$18	10%	\$163	\$39	24%
10	PHL	\$163	\$163	\$0	0%	\$178	-\$15	-8%
11	CMH	\$203	\$173	\$30	17%	\$173	\$30	17%
12	CLE	\$191	\$191	\$0	0%	\$191	\$0	0%
13	PIT	\$183	\$183	\$0	0%	\$157	\$26	17%
14	PVD	\$186	\$177	\$9	5%	\$179	\$7	4%
15	LAX	\$330	\$330	\$0	0%	\$314	\$16	5%
16	LAS	\$343	\$203	\$140	69%	\$298	\$45	15%
17	DFW	\$208	\$200	\$8	4%	\$195	\$13	7%
18	SDF	\$191	\$173	\$18	10%	\$178	\$13	7%
19	IND	\$183	\$163	\$20	12%	\$161	\$22	14%
20	CVG	\$221	\$185	\$36	19%	\$184	\$37	20%
21	SYR	\$209	\$191	\$18	9%	\$181	\$28	15%
22	BUF	\$209	\$161	\$48	30%	\$165	\$44	27%
23	LEX	\$203	\$173	\$30	17%	\$134	\$69	51%
24	PHX	\$343	\$330	\$13	4%	\$330	\$13	4%
25	BNA	\$197	\$157	\$40	25%	\$120	\$77	64%
26	MCI	\$259	\$241	\$18	7%	\$178	\$81	46%
27	STL	\$208	\$166	\$42	25%	\$190	\$18	9%
28	CLT	\$165	\$165	\$0	0%	\$225	-\$60	-27%
29	SEA	\$333	\$319	\$14	4%	\$319	\$14	4%
30	SFO	\$333	\$349	(\$16)	-5%	\$319	\$14	4%
31	DAY	\$203	\$183	\$20	11%	\$178	\$25	14%
32	DEN	\$241	\$263	(\$22)	-8%	\$253	-\$12	-5%
33	IAD	\$202	\$184	\$18	10%	\$163	\$39	24%
34	ALB	\$201	\$161	\$40	25%	\$167	\$34	20%
35	MSP	\$277	\$241	\$36	15%	\$231	\$46	20%
36	TYS	\$229	\$171	\$58	34%	\$116	\$113	97%
37	RDU	\$177	\$137	\$40	29%	\$125	\$52	42%
38	ROC	\$209	\$191	\$18	9%	\$181	\$28	15%
39	MEM	\$196	\$178	\$18	10%	\$179	\$17	9%
40	MDW	\$235	\$183	\$52	28%	\$179	\$56	31%
41	BHM	\$168	\$116	\$52	45%	\$137	\$31	23%
42	MKE	\$220	\$180	\$40	22%	\$212	\$8	4%
43	SAN	\$316	\$303	\$13	4%	\$314	\$2	1%
44	MSY	\$167	\$147	\$20	14%	\$133	\$34	26%
45	GSO	\$167	\$127	\$40	31%	\$130	\$37	28%
46	ORF	\$175	\$135	\$40	30%	\$130	\$45	35%
47	IAH	\$209	\$191	\$18	9%	\$191	\$18	9%
48	RIC	\$196	\$178	\$18	10%	\$178	\$18	10%
49	PDX	\$342	\$336	\$6	2%	\$319	\$23	7%
50	JFK	\$191	\$171	\$20	12%	\$184	\$7	4%
Average FARE		\$221	\$195	\$26	13%	\$192	\$29	15%

Source: Amadeus, Herb Sussmans World Travel Analysis: 3/21/02 21 Day Advance RT Lowest Fare Available

**Figure 8: DAB Top 50 O&D Markets Lowest Delta Fare Comparison
With MCO & JAX - 7 Day Advance Purchase**

Rank	Market	RT DAB Fare	RT MCO Fare	DAB Fare Premium	%	RT JAX Fare	DAB Fare Premium	%
1	EWR	\$209	\$189	\$20	11%	\$181	\$28	15%
2	ATL	\$230	\$191	\$39	20%	\$141	\$89	63%
3	BOS	\$211	\$149	\$62	42%	\$181	\$30	17%
4	BDL	\$186	\$183	\$3	2%	\$181	\$5	3%
5	BWI	\$199	\$190	\$9	5%	\$145	\$54	37%
6	LGA	\$191	\$171	\$20	12%	\$184	\$7	4%
7	ORD	\$203	\$179	\$24	13%	\$179	\$24	13%
8	DTW	\$203	\$190	\$13	7%	\$190	\$13	7%
9	DCA	\$202	\$153	\$49	32%	\$163	\$39	24%
10	PHL	\$163	\$163	\$0	0%	\$178	-\$15	-8%
11	CMH	\$203	\$173	\$30	17%	\$173	\$30	17%
12	CLE	\$209	\$191	\$18	9%	\$191	\$18	9%
13	PIT	\$183	\$183	\$0	0%	\$157	\$26	17%
14	PVD	\$186	\$177	\$9	5%	\$179	\$7	4%
15	LAX	\$330	\$330	\$0	0%	\$314	\$16	5%
16	LAS	\$343	\$203	\$140	69%	\$298	\$45	15%
17	DFW	\$208	\$200	\$8	4%	\$195	\$13	7%
18	SDF	\$191	\$173	\$18	10%	\$178	\$13	7%
19	IND	\$183	\$163	\$20	12%	\$161	\$22	14%
20	CVG	\$221	\$185	\$36	19%	\$184	\$37	20%
21	SYR	\$209	\$191	\$18	9%	\$181	\$28	15%
22	BUF	\$209	\$161	\$48	30%	\$165	\$44	27%
23	LEX	\$203	\$173	\$30	17%	\$134	\$69	51%
24	PHX	\$343	\$330	\$13	4%	\$276	\$67	24%
25	BNA	\$197	\$157	\$40	25%	\$120	\$77	64%
26	MCI	\$259	\$241	\$18	7%	\$178	\$81	46%
27	STL	\$208	\$166	\$42	25%	\$190	\$18	9%
28	CLT	\$165	\$165	\$0	0%	\$225	-\$60	-27%
29	SEA	\$333	\$319	\$14	4%	\$319	\$14	4%
30	SFO	\$333	\$349	(\$16)	-5%	\$319	\$14	4%
31	DAY	\$203	\$183	\$20	11%	\$178	\$25	14%
32	DEN	\$241	\$319	(\$78)	-24%	\$253	-\$12	-5%
33	IAD	\$202	\$184	\$18	10%	\$163	\$39	24%
34	ALB	\$201	\$161	\$40	25%	\$167	\$34	20%
35	MSP	\$267	\$241	\$26	11%	\$231	\$36	16%
36	TYS	\$229	\$171	\$58	34%	\$116	\$113	97%
37	RDU	\$142	\$103	\$39	38%	\$125	\$17	14%
38	ROC	\$209	\$179	\$30	17%	\$169	\$40	24%
39	MEM	\$196	\$178	\$18	10%	\$179	\$17	9%
40	MDW	\$203	\$179	\$24	13%	\$179	\$24	13%
41	BHM	\$168	\$116	\$52	45%	\$137	\$31	23%
42	MKE	\$220	\$180	\$40	22%	\$212	\$8	4%
43	SAN	\$316	\$303	\$13	4%	\$314	\$2	1%
44	MSY	\$167	\$147	\$20	14%	\$133	\$34	26%
45	GSO	\$167	\$127	\$40	31%	\$130	\$37	28%
46	ORF	\$175	\$135	\$40	30%	\$130	\$45	35%
47	IAH	\$209	\$191	\$18	9%	\$191	\$18	9%
48	RIC	\$196	\$178	\$18	10%	\$178	\$18	10%
49	PDX	\$342	\$336	\$6	2%	\$319	\$23	7%
50	JFK	\$191	\$171	\$20	12%	\$184	\$7	4%
Average FARE		\$219	\$195	\$24	12%	\$191	\$28	15%

Source: Amadeus, Herb Sussmans World Travel Analysis: 3/21/02 7 Day Advance RT Lowest Fare Available

g. Top O&D Markets served by Continental Connection, Gulfstream International Airlines with Comparison of DAB Fares with MCO and JAX

On February 1, 2002 Continental Connection Carrier, Gulfstream International Airlines commenced daily ~~service~~ between Daytona Beach (DAB) and Tampa International Airport (TPA) with fourteen flights per week under the schedule shown in Figure 5. The Gulfstream service uses 19 passenger Beech 1900 D model turboprop aircraft. Gulfstream is a connector carrier for Continental and is fully integrated with Continental's worldwide computer reservation system. However, it should be noted that Gulfstream is not owned by Continental except for a minority percentage. This relationship allows TPA connections to Continental mainline service to Houston, Cleveland, Minneapolis, Newark or Detroit. Intrastate connections in TPA are provided directly by Gulfstream to Ft. Myers, Ft. Lauderdale, Miami and Key West. During the first month of operations, this service carried 976 total passengers with a load factor of **46%**. March's load factor increased to 58% with 1,376 total passengers reported by Gulfstream.

On March 25, 2002, a comparison of lowest available round trip fares to the cities served by Gulfstream were compared with fares to the same destinations from MCO and JAX. This analysis assumed a 21-day advance purchase window. This fare comparison was similar to that previously presented for Delta Air Lines and was done to provide a complete picture of current fare environment in Daytona Beach reflecting an absence of meaningful competitive air service, (See Figure 9).

The findings of this comparative fare survey indicated fares are now running 22% higher than Orlando and 7% higher than Jacksonville, for markets served by Continental Connection Carrier, Gulfstream from Daytona Beach. As in the Delta fare comparison, this fare comparison did not account for the many nonstop options offered to the referenced destinations which tend to afford further market advantage to Orlando and Jacksonville over Daytona Beach. It has been well documented that for a number of years Orlando (MCO) has enjoyed more nonstop flights than any other airport in the state of Florida. The details of the comparative fare survey are presented in Figure 9 below.

**Figure 9: Top O&D Connecting Markets for Continental Connection Carrier, Gulfstream
Lowest Roundtrip Fare: DAB Fare Compared with MCO and JAX 21-Day Advance Purchase**

Market	RTDAB Fare	RT MCO Fare	DAB Fare Premium	%	RT JAX Fare	DAB Fare Premium	%
CLE	\$341	\$294	\$47	16%	\$317	\$25	8%
IAH	\$299	\$266	\$33	12%	\$246	\$53	22%
MSP	\$907	\$891	\$16	2%	\$798	\$109	14%
DTW	\$421	\$302	\$120	39%	\$653	-\$232	-36%
Average FARE	\$479	\$391	\$88	22%	\$448	\$30	7%

Source: Continental Airlines Web Site Date of Analysis: 3/25/02 Travel: 4/15/02 through 4/20/02

h. Aircraft Equipment Types

Delta Air lines currently operates two types of aircraft in Daytona Beach. Aircraft types include the MD-88, configured for 142 ~~seats~~ and the 50 seat Canadair regional jet. Continental Connection Carrier, Gulfstream International Airlines currently operates Beech 1900 D Model turboprop aircraft configured for 19 ~~seats~~.

2 Synopsis of Historical Air Service Patterns and External / Extenuating Factors

a. Competitive Airport Market Location

Daytona Beach International Airport's principal airport competition is the Orlando International Airport (MCO). With 30 million annual passengers and 60 airlines including numerous low fare and international airlines, Orlando is one of the lowest average fare airports in the United States with two other examples being Las Vegas and Ft. Lauderdale. MCO primarily serves inbound leisure traffic destined for the world's number one leisure destination, Walt Disney World. The Orlando region also supports a large and growing community of other theme park attractions including Universal Studios and Sea World, along with many others. Average airline yields in Orlando were approximately 10.83 cents as of 3Q01, which ranks among the lowest in the nation and the lowest in the Central Florida Region, (See Figure 10). Due to Orlando's strategic significance as the official gateway to the world's number one leisure destination, major airlines are often compelled to serve the market as part of a coherent route strategy. In certain cases, low yields in the Orlando market may be expected to result in limited or negative airline profitability that must often be compensated at other higher yielding destinations.

Daytona's other major airport competition is the Jacksonville International Airport (JAX). Located 90 miles north of DAB, Jacksonville International Airport also offers competition to Daytona Beach supporting a number of major and low fare airlines. However Jacksonville's competition with Daytona Beach tends to be much less pronounced due to the relatively long drive combined with the lower fare structure available in Orlando. Jacksonville supports a thriving and growing business community, which encourages more last minute ticket purchases and higher fares while Orlando has a strategic market niche as a premier global leisure destination dominated by very aggressive low end fare pricing. Figure 10 presents a picture showing the effects of reduced airline competition over time in the Daytona Beach market as compared with other airports in the region.

Figure 10: Central Florida Airline Data Comparison

	YE1997			YE1999		
	DAB	MCO	JAX	DAB	MCO	JAX
AVERAGE ANNUAL FARE	\$121.25	\$114.44	\$131.97	\$145.23	\$118.55	\$128.68
ONE-WAY O & D REVENUE	\$43,156,945	\$1,174,655,105	\$259,064,665	\$36,753,105	\$1,302,314,720	\$295,576,545
SEGMENT REVENUES	\$18,515,976	\$1,070,939,577	\$167,696,542	\$15,882,821	\$1,176,142,589	\$181,015,657
ONE-WAY O & D PASSENGERS	355,930	10,264,130	1,963,020	253,070	10,985,330	2,296,950
RPMs (REVENUE PASSENGER MILES)	157,717,000	10,036,922,000	1,121,716,000	115,933,000	10,920,544,000	1,277,457,000
ASMs (AVAILABLE SEAT MILES)	203,210,000	13,301,577,000	1,678,192,000	147,686,000	14,087,637,000	1,849,240,000
AIRCRAFT NON-STOP STAGELENGTH	427	820	520	428	847	529
O & D PASSENGER LENGTH OF HAUL	1,033	1,073	883	1,060	1,101	908
YIELD (CENTS)	11.74	10.67	14.95	13.70	10.77	14.17
LOAD FACTOR	77.6%	75.5%	66.8%	78.5%	77.5%	69.1%
RASM (REVENUE PER AVAILABLE SEAT MILE IN CENTS)	9.11	8.05	9.99	10.75	8.35	9.79

Figure 10 continued on following page

Figure 10: Continued

	YE3Q2000			YE3Q2001			
	DAB	MCO	JAX	DAB	MCO	JAX	MLB
AVERAGE ANNUAL FARE	\$148.65	\$121.95	\$130.02	\$142.77	\$120.24	\$127.38	\$137.22
ONE-WAY O & D REVENUE	\$36,309,040	\$1,413,710,465	\$3,147,032,750	\$35,682,910	\$1,411,444,350	\$313,767,835	\$37,349,510
SEGMENT REVENUES	\$15,674,009	\$1,278,896,674	\$191,849,762	\$15,543,788	\$1,274,855,941	\$191,717,625	\$21,436,022
ONE-WAY O & D PASSENGERS	244,260	11,592,335	2,420,405	249,925	11,738,780	2,463,325	272,195
RPMs (REVENUE PASSENGER MILES)	112,278,000	11,584,209,000	1,345,370,000	115,310,000	11,771,523,000	1,394,310,000	167,731,000
ASMs (AVAILABLE SEAT MILES)	142,358,000	15,021,238,000	1,959,291,000	148,445,000	15,242,054,000	2,007,501,000	235,644,000
AIRCRAFT NON-STOP	426	832	531	432	816	543	513
O & D PASSENGER LENGTH OF HAUL	1,065	1,105	912	1,059	1,111	926	1,074
YIELD (CENTS)	13.96	11.04	14.26	13.48	10.83	13.75	12.78
LOAD FACTOR	78.9%	77.1%	68.7%	77.7%	77.2%	69.5%	71.2%
RASM (REVENUE PER AVAILABLE SEAT MILE IN CENTS)	11.01	8.51	9.79	10.47	8.36	9.55	9.10

Idrickson Group

However, even within a difficult competitive environment due to MCO and JAX, Daytona Beach has continued to demonstrate strong and growing demand to the New York market. This strong demand picture is best shown by Continental's performance to the New York / Newark (EWR) prior to September 11. As shown in Figure 11 below, Continental enjoyed strong passenger loads to New York / Newark (EWR) despite similar service being available at MCO and JAX demonstrating strong demand for New York air service.

Figure 11: Continental Airlines EWR Total Passenger Traffic And Load Factor January 1999 to September 2001

MONTH	1999 PAX	LOAD FACTOR	2000 PAX	LOAD FACTOR	2001 PAX	LOAD FACTOR
January	5,238	84%	5,553	77%	5,365	63%
February	5,294	91%	5,744	77%	6,095	71%
March	7,342	94%	7,763	89%	7,129	82%
April	5,800	86%	5,847	93%	7,377	88%
May	5,371	84%	6,346	86%	6,853	84%
June	5,273	84%	5,865	92%	6,397	83%
July	6,116	91%	6,529	95%	7,314	95%
August	6,267	91%	6,684	93%	6,930	92%
September	3,937	66%	4,879	77%	2,114	77%
October	5,461	83%	6,134	82%		
November	5,633	90%	6,650	82%		
December	5,979	84%	5,961	72%		
Totals	67,711	86%	73,955	84%	55,574	82%

Source: Monthly Airline Traffic Reports

Note: Continental Airlines Terminated DAB Service on September 11, 2001

b. External Orlando Factor

Orlando International Airport (MCO) handled 31.8 million total passengers in 2001 compared to 6 million total passengers handled in 1981 for a twenty year growth of 430%. The Airport has 60 regularly scheduled domestic and international airlines including low fare carriers such as Southwest Airlines, jetBlue Airlines, Air Tran, Spirit Airlines, American Trans Air, and Delta Express. Currently MCO supports 354 nonstop daily flights serving 125 different destinations. Located just 65 miles southwest of Daytona Beach International Airport, these and other market advantages stimulate traffic leakage of approximately 50% of local Daytona Beach air travelers as confirmed in the traffic leakage studies attached as Attachments D & E. Orlando market pressures and lack of competitive air service at Daytona Beach have been the principal cause of the long term decline of traffic and air service at DAB since the early 1990s. As Orlando has continued to expand with more airlines and more air service options, this circumstance has created an economy of scale that has continued to drain traffic from the Daytona Beach air service region to the detriment of the East Central Florida community it serves. Continual concentration of more airlines and more air service at MCO has also increased demand by MCO for scarce Airport Improvement Funds (AIP) resources to expand capacity infrastructure in order to meet the needs of excessive airline concentration at a single location. This mega-airport development strategy has worked to the disadvantage of smaller local airports such as Daytona Beach and Melbourne which, although better positioned to meet the air transportation needs of their individual communities, cannot effectively do so given the unequal competitive environment created by Orlando's air service advantages.

c. Decline in DAB Air Service and Passenger Traffic –1990 to Present

In 1992 DAB hosted (18) daily jet departures with 9,682 flights that year and (9) airlines providing service. In 2001, average daily departures declined to (7) per day; a decline of 61% with only (2) airlines providing scheduled service. Total passenger traffic dropped during the same period from 941,844 total passengers in 1992 to 507,458 in 2001, a decline of 46%. The two major impacts on DAB air service occurred with the withdrawal of American Airlines in 1994 and the termination of service by US Airways in 1997. During the same period, traffic at MCO increased by 51% from 21.1 million total passengers in 1992 to 31.8 million total passengers in 2001. Since 1996 passenger traffic at JAX has increased by 35% from 3.7 million in 1996 to 5 million in 2001. Since 1976, the entire central Florida region had grown dramatically by most demographic measures. During that period, Volusia County's population grew 157% from approximately 175,000 to a current level of 450,000 while total passenger traffic at Daytona Beach International has remained virtually at the same level it was in 1976, again reflecting the lack of competitive air service in Daytona Beach, (See Figures 3 & 12). Economically speaking, this condition of increased demographic expansion without reasonable parallel expansion of air service has created an impediment to economic growth in Volusia County.

Figure 12:
Daytona Beach International Airport
Total Historical Annual Passenger Traffic, 1976-2001

<u>Year</u>	<u>Total Passenaer Traffic</u>
2001	507,458
2000	536,914
1999	569,797
1998	625,734
1997	781,501
1996	800,764
1995	749,142
1994	846,350
1993	874,358
1992	941,844
1991	907,385
1990	1,050,072
1989	839,666
1988	849,773
1987	728,978
1986	605,682
1985	479,024
1984	491,409
1983	510,637
1982	482,835
1981	573,972
1980	768,378
1979	805,049
1978	699,280
1977	590,047
1976	556,121

d. Past Community Efforts to Attract Air Service

Following the withdrawal of US Airways in 1997, a broad based coalition of approximately forty community leaders was formed to address the goal of recapturing lost air service, retaining existing air service and increasing air service for the benefit of the community. Named the Air Service Strike Force, the coalition began a renewed campaign of airline contact, visits and follow-up. In 1997, Volusia County engaged the Kiehl Hendrickson Group, a consulting firm from Minneapolis, Minnesota to assist the Strike Force and Airport staff in developing strategies and supporting data to identify and maximize economic arguments essential to attracting air service. Major advertising themes developed during this period included the "Fly Daytona First" marketing program directed at local travelers and the "Sell Daytona First" initiative directed at encouraging local travel agents to promote their local airport. Efforts by the Strike Force were successful in retaining service of Delta Air Lines in response to Delta's serious consideration of total withdrawal from Daytona Beach in July 1998.

Since 1998, numerous air service proposals have been developed and presented to a number of airlines including US Airways, Continental Airlines, American Airlines, Northwest Airlines, Sun Country Airlines, Atlantic Coast Airlines, United Airlines, Spirit Airlines, Southwest Airlines, jetBlue Airways, Gulfstream International Airlines, Air Canada, Air Transat, Air Tran, Airtours, American Trans Air, National Airlines, Comair, Pan Am Airways and others. This ongoing effort has been to identify routes and schedules that make good economic sense to the airline and then communicate these benefits for the airline's consideration with periodic follow-up by airport staff.

More recently, air service development efforts have been completed by airport staff and the Air Service Development Working Group (ASDWG). Outside consulting assistance is utilized periodically to assist with specific projects. The ASDWG became the successor to the Air Service Strike Force mentioned above, to create a more focused community effort to address air service needs at DAB. These recent efforts were successful in attracting Continental Express to initiate seasonal nonstop regional jet weekend service to Cleveland, Ohio in December 2000 and also to provide seasonal MD-88 service to Newark (EWR) which replaced Continental's normal B-737 service on a seasonal basis in 2001. Efforts of the ASDWG were also successful in encouraging Delta to initiate nonstop regional jet weekend service to Cincinnati via Delta subsidiary, Comair in July 2001. For approximately eighteen months prior to September 11, after nearly a decade of decline, passenger traffic finally began trending upward at DAB with many months showing year over year increases of 5%-6%. After September 11, traffic at Daytona Beach International Airport plummeted 29.2% with Continental discontinuing New York (EWR) service on September 11 and closing down the Daytona Beach Station after 13 consecutive years of air service in Daytona Beach.

3. Air Service Needs and Deficiencies

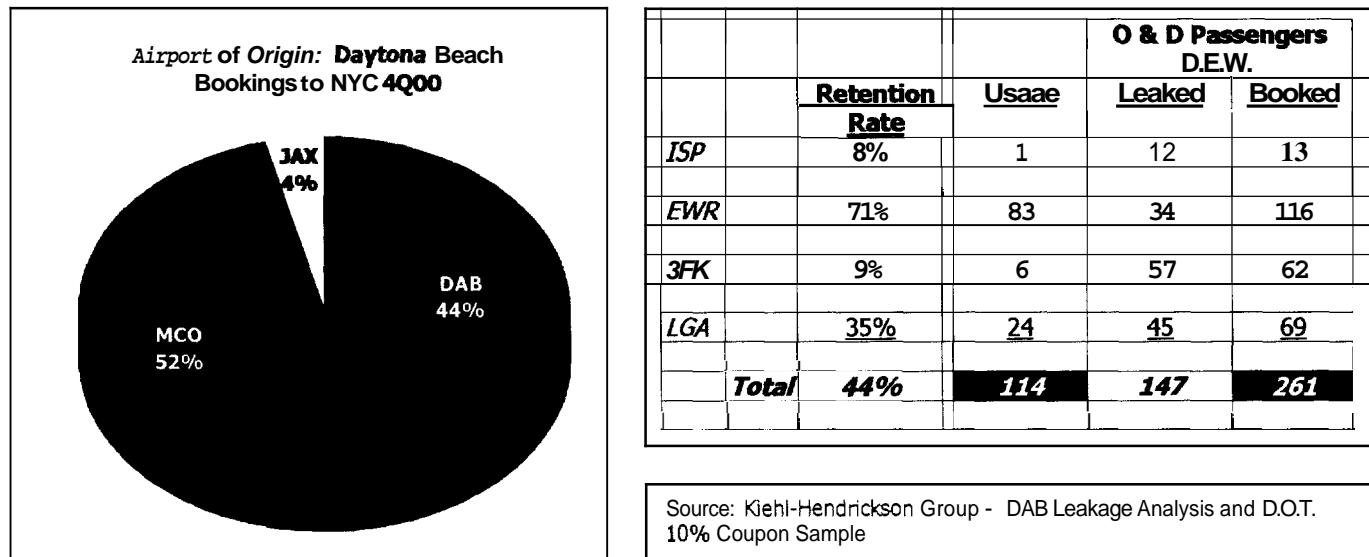
a. Daytona Beach's Most Under-served O&D Market – NYC

Since the beginning days of commercial aviation in the Daytona Beach region, the northeast corridor and the New York area have consistently ranked among Daytona's top origin and destination markets. Prior to the 1950s, Daytona Beach established itself as a winter vacation destination for visitors from the northeast and New York area. Over time, the Daytona Beach region has continued to be a magnet for both visitors and in-migration of new residents from the northeast and New York, (See Figure 4). Today, the population base within DAB's air service region has a significant number of residents with businesses or family ties to the New York area creating the parallel need for adequate air service options.

The principal carrier that served New York from DAB prior to September 11 was Continental Airlines with their single daily nonstop flight to New York / Newark (EWR). Continental normally used the B-737-500 aircraft for the route, configured for 101 seats. As shown in Figure 11, Continental experienced strong load factors on the EWR route even though the single daily flight did not maximize connections or return capability. Nevertheless, this flight experienced an average load factor of 81% for the last twelve months of service ending September 11, 2001, reflecting the region's strong demand for New York air service. However, actual demand from the Daytona Beach area, as evidenced by ticket sales was generally stronger than could be accommodated by the single Continental flight or Delta's connecting service through Atlanta. A review of DOT ticket sample data and leakage analysis completed by the Kiehl Hendrickson Group in August 2000 indicated that the true available market to New York was 261 passengers daily each way (DEW) with Daytona only able to capture (or retain) 44%; meaning 56% of

Daytona's New York passenger demand base was leaking to MCO or JAX. This demand pool of passengers was also more than double the number that could be accommodated on Continental's previous single plane service, (See Figure 13).

Figure 13: DAB Market Analysis – DAB Bookings to NYC 4Q00



Although Delta Air Lines has continuously offered connecting service through Atlanta to New York / Newark (EWR) and New York / LaGuardia (LGA), Delta's fares on these routes were generally higher than Continental and often more highly priced than Delta's own New York air service from Orlando (MCO). This condition combined with strong competition from competitive airlines and low fare operators from MCO and JAX has contributed to DAB's pattern of heavy traffic leakage to these alternate airports, (See Attachments D & E). In January 2000, Airport staff completed an extensive regional letter writing campaign to better determine local consumer demand for additional New York air service. This campaign, conducted over a sixty-day period in November and December 1999, resulted in positive responses from over 3,400 residents who stated they wanted and were willing to support additional nonstop New York air service. This survey information is summarized in Attachment G. Airport staff has utilized this information as part of air service proposal presentations to Continental, Delta, jetBlue and Spirit Airlines. As outlined in the Figures 7 & 8 fare analysis in Section 1, New York / Newark (EWR) had been the top ranked destination for Daytona Beach prior to September 11.

Given the withdrawal of Continental's service following September 11, the weight of the facts clearly indicates that New York / Newark (EWR) is the Airport's most under-served market and provides the best opportunity for regaining lost ground and providing needed air service for the Daytona Beach air service region.

b. Airport Fare and Yield Comparison within the Region

Figure 10 on page 11 presented a trend analysis of DAB's position within the wider Central Florida air service region compared to Orlando (MCO) and Jacksonville (JAX). This data shows comparative average airline yield, revenue per available seat mile (RASM) and average fares compared between the airports, beginning in 1997. The data has been compiled over the last

several years by one of the airport's consultants using the DOT 10% ticket sample data. Looking at the trend for all years and quarterly comparisons, it becomes clear that Daytona Beach fares have developed into a pattern of being somewhat higher than Orlando or Jacksonville. Between 1997 and YE3Q2001, DAB average one-way fares showed an increase of 18% from \$121.25 to \$142.77 while MCO fares increased only 5% from \$114.44 to \$120.24 leaving an average fare gap of \$22.53 between the two airports. Melbourne (MLB) data is also presented to show the similarity between MLB and DAB, suggesting the common element of MCO's strong economic influence on both airports and lack of competitive air service that is evident at both airports. This analysis, combined with strong established DAB demand for New York air service supports a business case that new nonstop New York service is an excellent air service opportunity that can infuse new competition into the market and be sustainable thereby fostering better balance between DAB and MCO fares. A central thesis of this Proposal is that the condition of current fare premiums to New York and connecting destinations from DAB and the lack of service to the Airport's principal O&D market (New York) can both be meaningfully addressed with the revenue guarantee proposed in Section 7. This will result from the fact that an additional supply of 100 seats will become available every day to serve New York and connecting market cities per Continental's proposed schedule. This will provide a short-term bridge leading to economic sustainability of the proposed route within 12 months.

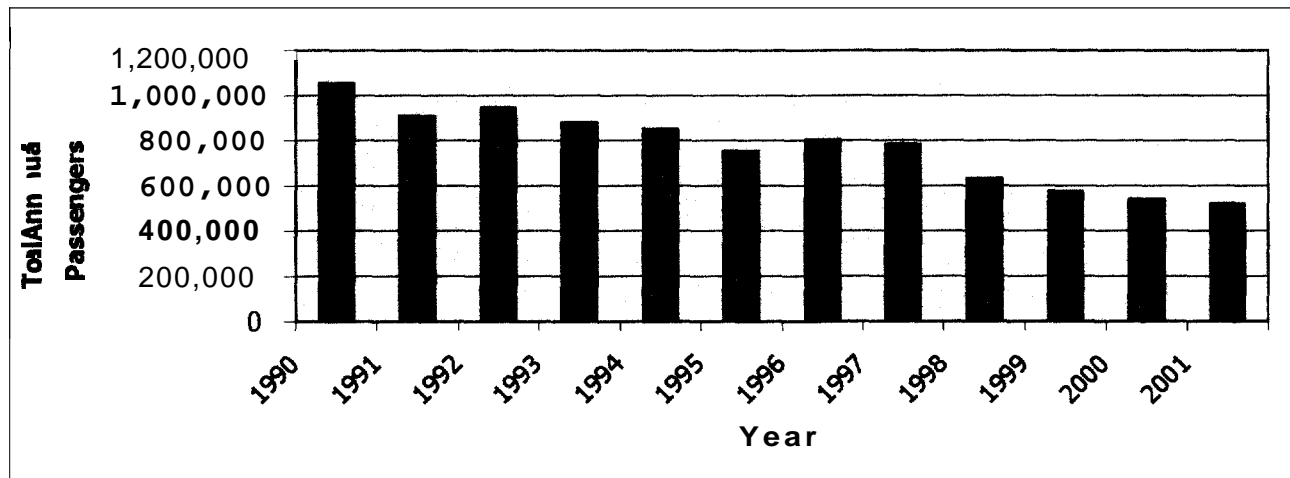
c. Narrative Discussion on DAB Air Service Deficiencies and Needs

For calendar year 1999, total airline passenger traffic at Daytona Beach International Airport declined by 9% from 625,734 in 1998 to 569,797 in 1999. Through the end of 2000, this trend continued with total passenger traffic falling 6% to 536,914 for calendar year 2000 with further annual decline of 6% in 2001 to 507,458 passengers. Starting in July 2000, year over year monthly passenger boardings at Daytona Beach had been showing a consistent monthly upward trend through August 2001. Until September 11, this most recent upward trend was an indicator of improving market demand despite limited available seat inventory. This positive trend was totally reversed after September 11 when total year over year traffic declined 29.2% for September, 19.9% for October, 26.6% for November and 23.2% for December, 2001. The year 2001 concluded with a 6% decline for the year. This modest decline was a result of the upward trend that had occurred during the beginning of 2001. With the long term decline in DAB's competitive air service and passenger traffic, and an increase in fares, Daytona Beach has developed high patterns of long term traffic leakage to MCO and JAX as detailed in Attachments D & E. This long term decline in passenger traffic results in an overall air service deficiency within a market that should otherwise support increased air service (See Figures 3 & 14). Within this picture of overall air service deficiency, DAB's principal air service weakness is the absence of nonstop service to the New York market. Following the withdrawal of Continental, after September 11, Delta Air Lines was requested to consider nonstop New York service in October 2001. As in past discussions with Delta, nonstop New York service could not be considered because it does not fit within Delta's strategic approach to the region, which requires connections through the Atlanta hub from Daytona Beach with nonstop New York service focused only through MCO or JAX.

As a result of these circumstances, Volusia County's top O&D market has been left underserved. Airport staff, with the support of the Air Service Development Working Group and community leaders, has continuously been engaged in presenting air service proposals, information and follow-up with many airlines. Air service development strategy has been to focus efforts on airlines and routes projected to address the region's air transportation needs, while attempting to match or adjust to the strategic objectives of the respective airline. This

approach is intended to foster long-term successful partnerships between the airlines and Volusia County. The anticipated mitigation of short term airline risk proposed with the revenue guarantee detailed in Section 7 would allow Continental to re-establish the New York / Newark (EWR) route within 12 months and thereby address Volusia County's principal air service deficiency and air transportation need detailed in this proposal.

**Figure 14: Daytona Beach International Airport - Total Annual Passenger Traffic
1990 - 2001**



4. Program Goal, Objective, Strategy and Timetable

a. Program Goal and Objective

The goal and objective of this Proposal is to establish a competitive, successful and self sustaining air service network between Daytona Beach and New York/ Newark (EWR) that promotes greater diversity, choice and fare competition for the benefit of the air traveling public. The proposed timetable for achieving this goal is within 12 months from the proposed service commencement date of December 14, 2002.

b. Program Strategy- New York Network Initiative

Program strategy for this Proposal is to focus on re-establishing air service to the community's most under-served market, New York/ Newark (EWR) in cooperation with Continental Airlines. To maximize traffic on this route, Continental has proposed to utilize their newest long-range regional jet, the EMB-145 XRJ. Using the new jet, Continental has proposed twice daily service per the schedule shown in Figure 15. Service commencement is planned for December 14, 2002 in order to start operations at the beginning of the most active travel Season in the Daytona Beach region and just prior to the most active holiday travel period (See Figure 16). This strategy has the potential to provide meaningful competition with Delta Air Lines due to strong historical demand for nonstop EWR service, numerous online connections available to passengers in New York / Newark (EWR) and Continental's intention to offer a competitive fare structure. By working with an established airline with a long history in Daytona Beach, the proposed program would enjoy enhanced opportunity for near term and long term success. In addition, the availability of Gulfstream's current connecting service in Tampa (TPA) creates an

effective backup network that will compliment the proposed nonstop New York (EWR) service and should generate additional traffic on the overall system.

**Figure 15:
Proposed Continental DAB-EWR Schedule
With Competitive Connections – Jan 2003**

Continental			
Newark - Daytona Beach Proposed Schedule			
Origin	Dest	Depart	Arrives
EWR	DAB	900	1200
DAB	EWR	1220	1520
EWR	DAB	1515	1815
DAB	EWR	1835	2135

Most Competitive Connections

Competitive Round Trip Connections within 3 hours:

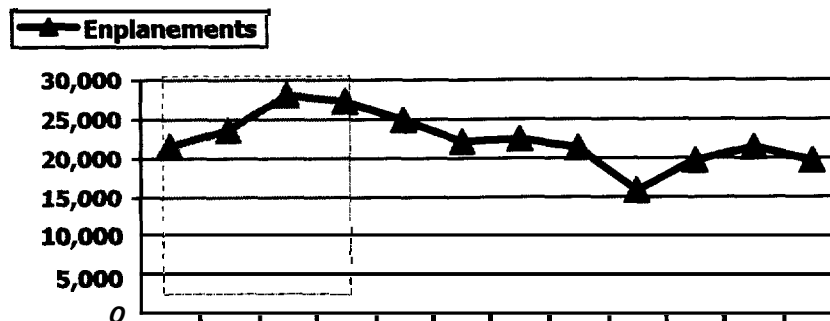
Albany, NY	Pittsburgh, PA	Toronto, Ontario
Baltimore, MD	Portland, ME	Syracuse, NY
Boston, MA	Providence, RI	Buffalo, NY
Hartford, CT	Rochester, NY	Burlington, VT
Montreal, Quebec	London, UK	Ottawa, Ontario

Competitive Round Trip Connections with > 3 hours:

Lisbon, Portugal	Rome, Italy
Brussels, Belgium	Manchester, UK
Frankfurt, Germany	Tel Aviv, Israel
Halifax, Nova Scotia	Milan, Italy
Shannon, Ireland	Paris-CDG

Note: For a Complete Listing of EWR Connections See Attachment J

**Figure 16:
DAB Market Seasonality - 1999 Passenger Traffic**



Source: DBIA Airside Statistic Monthly Report/1999

An important component of the New York (EWR) strategy is the proposed use of long range 50 seat regional jets with twice daily frequency. Prior to September 11, Continental's Daytona Beach schedule provided single plane daily service using the B-737-500 configured for 101 seats. The new strategy would offer about the same number of seats but allow greater connectivity with Continental's hub operation in New York / Newark (EWR) because of the twice daily frequency (See Figure 15). Since 1999, when regional jets were introduced to DAB through Delta subsidiary, Atlantic Southeast Airlines, these type aircraft have captured a larger and larger share of the Daytona Beach market achieving much higher load factors than larger aircraft, (See Figure 17 & 18). It should be noted in this discussion that Delta's introduction of three daily regional jet flights in 1999 did result in the loss of two larger MP88 aircraft which further reduced the airports available seat inventory in 1999. However, due to DAB's demand pattern of travel and market seasonality, the use of regional jets has proven to be responsive to the region's market demand allowing greater frequency of flights and higher load factors and therefore providing a stronger competitive presence in relation to MCO and JAX.

Figure 17: DAB RegionalJet Traffic vs. Larger DAB Aircraft

REGIONAL JETS						100 SEATS AND HIGHER JETS		
YEAR	PERIOD	TOTAL PAX	AIRLINE(S)	LOAD FACTOR	RJ Market Share	TOTAL PAX	AIRLINE(S)	LOAD FACTOR
1999	Jun-Dec	52,574	ASA	92%	17%	504,457	DL,CO	79%
2000	Jan-Dec	101,291	ASA,COExp.	94%	18%	437,312	DL,CO	78%
2001	Jan-Dec	123,272	ASA,COExp., COMAIR	89%	24%	384,186	DL,CO	76%
2002	Jan-Feb	17,557	ASA,COMAIR	94.40%	25%	52,359	DL	70%
YTD	99-02	294,694				1,378,314		

YEAR	TOTAL DEPARTURES	
1999		573
2000		1,076
2001		1,386
*2002		319
TOTAL		3,354

*Includes January - March 2002

Use of regional jets on longer range routes is a relatively common current practice in the airline industry. In the case of Continental Airlines, regional jets are currently used on the longer range routes shown in Figure 19 below.

**Figure 19:
Current Longer Haul Regional Jet Routes
Continental Airlines**

<u>City Pairs</u>	<u>Stage Length</u>
EWB-STL	872
EWB-MEM	946
DAY-IAH	926
CVG-IAH	872
BHM-EWR	850
CLE-DFW	1021
GSO-IAH	986
GSP-IAH	838
IAH-DRO	869
DAB-EWR (Proposed)	884

Source: Continental Route Planning

c. Action Plan

Upon approval of this proposal and grant application by the Department of Transportation the proposed Action Plan would be as follows:

- 1)** Obtain final approval of grant terms and conditions from the Department of Transportation for Implementation of the New York Network Initiative Proposal.
- 2)** Negotiate and execute an extension of the Airport's existing Airport Use Agreement with Continental Airlines to extend the lease past the current expiration date of October 18, 2002.
- 3)** Develop a specific time table and placement schedule for advertising and promotion elements of the Marketing Partnership Plan.
- 4)** Jointly develop and obtain specific approval by Continental and DOT for marketing materials, copy and placement strategy in both the New York and local air service region following the outline of the Marketing Partnership Plan-Media Schedule attached as Attachment K.
- 5)** Begin Implementation of the pre-service portion of the Marketing Partnership Plan in the fall of 2002.
- 6)** Execute the post-service portion to the Marketing Partnership Plan following service commencement on December 14, 2002.
- 7)** Conduct a six-month program assessment in July 2003 with the Department of Transportation and Continental Airlines.
- 8)** Conduct an initial year-end assessment with the Department of Transportation and Continental Airlines to assess performance and determine applicable program support for 2003.

d. Proposed Time Table

The proposed time table for actions relative to this application are as follows:

Year 2002

April 18 - Submittal of Application to the Department of Transportation

April 18 - May 31 - Follow-up on DOT Information & Coordination

June 1 – June 30 - Application Approval

July 1 – August 31 - News Release and Preliminary Marketing Awareness Program
- Negotiation of Continental Airport Use Agreement Extension

September 1 – December 31 - Execution of Pre-Service Marketing Partnership Program

December 14 - Service Commencement

December 14 - Execution of Post-Service Marketing Partnership Program & Program Monitoring

YEAR 2003

July 1 - Initial Program Assessment

November 1 - Final Program Assessment of First Year Performance

5. Public/Private Partnership and Strategic Plan Responsible for Program Implementation

The Daytona Beach International Airport's Air Service Development Working Group (ASDWG) was formed as the successor to the Air Service Strike Force. The Strike Force had been formed to address the crisis situation created by the withdrawal of US Airways in 1997 and the potential pullout of Delta Air Lines in 1998. The ASDWG now serves as the core public/private partnership of community organizations that work jointly to solve air service development issues in Volusia County. Members include the three Volusia County Advertising Authorities, the Airport, The Volusia County Manufacturers Association, Embry Riddle Aeronautical University, The Daytona International Speedway Corporation, The Daytona Beach Chamber of Commerce, Volusia County Economic Development Department and a representative from Volusia County's governing Council. A complete listing of all current members of the ASDWG is attached as Attachment O. Letters of support for this application from major community groups are provided under Attachment C.

In early 2001, the Air Service Development Working Group developed a five year Strategic Marketing Plan to allow the community to rapidly respond with marketing financial support to assist airlines in developing and advertising new or improved air service (See Attachment N). This approach was designed to allow input and financial participation from various sectors of the community including in-kind services and organizational support where feasible. This approach has afforded the airport added strength and flexibility in its marketing and airline prospecting efforts.

The Air Service Development Working Group is an example of how the public and private sectors can interact for the benefit of the whole community, working together to develop possibilities and expand opportunities for leisure and business travel development. In addition, the ASDWG has served as an excellent venue for discussing cooperative opportunities and providing good communication between organizations whose activities interrelate. It is proposed that the ASDWG would be the primary entity responsible for implementing the program contained in this Proposal and insuring its success in accordance with the Timetable in Section 4, d.

6. Public Member Sponsor Designated to Receive Funding

The public member sponsor designated to receive and disburse funding under this Proposal is Volusia County. It is anticipated that receipt of funds from the DOT would be handled in a similar manner as the numerous federal AIP grants received by Volusia County in the past or in such other way as may be specified by the DOT.

a. Proposed Sponsor's Ability to Execute Program

Volusia County is a long established government entity providing a full range of public services to one of Florida's largest geographic counties. The Daytona Beach International Airport is a Division of County Government supporting a full time Marketing Department that has conducted numerous airline marketing support programs and initiatives in the past.

b. Absence of Construction or Capacity Limiting Projects at DAB

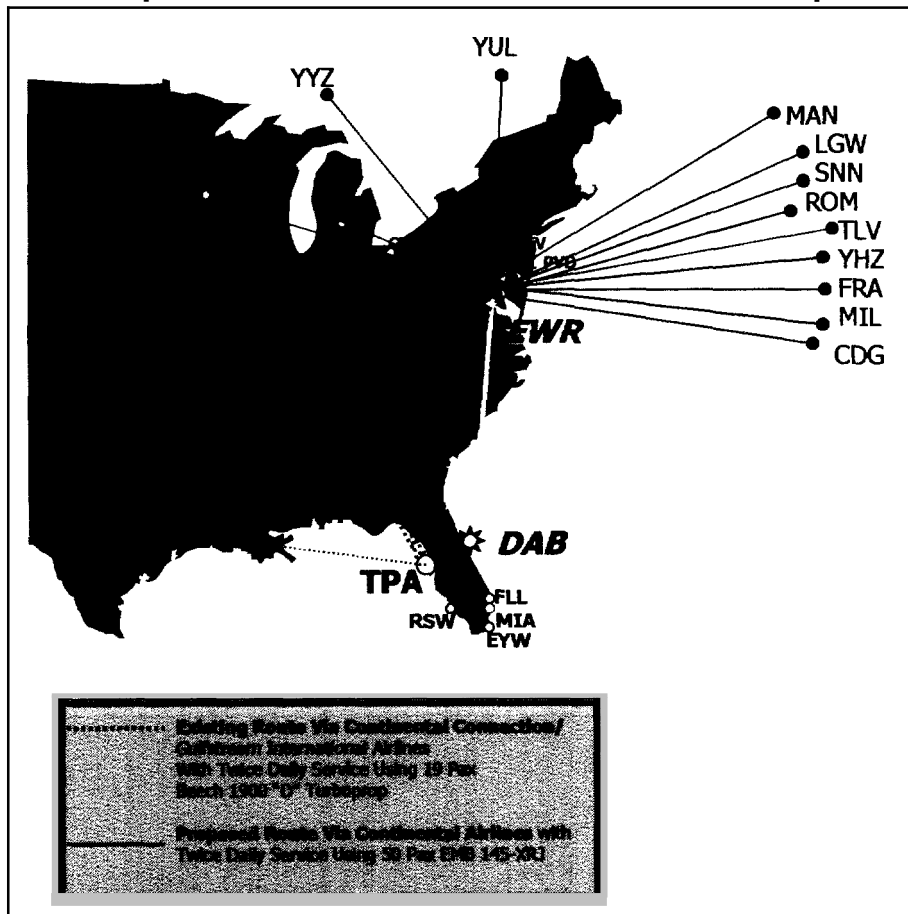
There are no construction or capacity limiting programs or other physical or operational impediments that could limit, delay or otherwise impact implementation of the proposed Pilot Program contained in this proposal.

7. Program Elements and Proposed Funding

a. Scope and Purpose of the New York Network Initiative

The scope and purpose of the New York Network Initiative is to re-establish air service to DAB's top travel market, New York / Newark (EWR). As of September 2001, nonstop service to this market was discontinued entirely. As shown in Figure 11 Continental Airlines previously provided nonstop service to nearly 70,000 passengers per year and recognized an average load factor of 84% over the past three years. This performance was possible due to the high level of local demand for New York service as well as strong inbound demand from New York that has characterized the Daytona Beach air service market for many years. With Volusia County's high population of residents who maintain ties to the New York area and with 325,000+ visitors to Daytona Beach alone from New York each year, this service is necessary to serve the air travel needs of the region. Continental's agreement to again offer service to New York /Newark (EWR) under conditions of a revenue guarantee presents the airport's best market opportunity to generate high loads with competitive fares to EWR, as was the case prior to September 11. However, the proposed EWR service offers the added improvements of greater frequency, through the use of regional jets and many more connections than were the case, prior to September 11. The additional connections now available at DAB through Continental Connection Carrier, Gulfstream International Airlines provide added network capability that will compliment the proposed schedule, (See Figure 20).

**Figure 20:
Proposed New York Network Initiative Route Map**

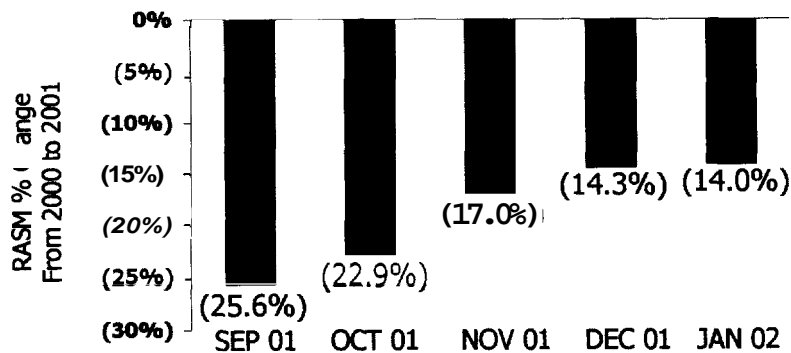


b. New York (EWR) Program – Continental Airlines

I. Proposed Revenue Guarantee and Justification

Upon meeting with representatives of Continental Airlines in early March, 2002, Continental expressed interest in working with Volusia County and the DOT under the Small Community Air Service Pilot Program despite ongoing poor business performance for the company as a whole, (See Figure 21, CO RASM Chart, Changes Year over Year).

Figure 21: CO RASM Changes - Year Over Year



Note: February 2002 year over year decline is estimated to be 10-12% Source: Continental Airlines

Further discussion with Continental's Route Planning Department indicated that Continental's current forecast for the proposed twice daily regional jet service to New York would project an 80% load factor resulting in an annual loss of **\$743,333.00** in year one. This information is summarized in Figure 22 below. Alternative forecasts showing one daily frequency with the larger B-737-500 proved less favorable than the twice daily frequency using regional jet equipment. This was due to the better timing and EWR connections afforded by the twice-daily frequency, (See Figure 15). Average initial one way fares were assumed to commence at the same **\$102** level as were previously charged by Continental prior to September 11. It is the intention of this proposal that the initial fare structure would be subject to adjustment based on market conditions toward the overall objective of making the service self sufficient by year two.

**Figure 22:
DAB-EWR Annual Forecast- Two 50 Passenger Regional Jets Per Day**

Continental Airlines		
Service		DAB Fares Total
	Stage Length	884
	Round trips	730
	Seats/Dept	50
Traffic		
	Total PDEW	80
	Pax/Dept	40
	Flow%	18%
	Load Factor	80%
	Average Onboard Fare	\$102
Revenue		
Segment Revenue		6,217,475
costs		
	Direct Operating Costs	4,373,365
	Total Costs	6,960,808
Profit		
	Operating Profit	1,844,110
	Net P/(L)	(743,333)
	F/A Return	-11%

Source: Continental Route Planning

Based on the cost and revenue assumptions contained in Figure 22, It is proposed that the DOT and Volusia County would jointly provide a one year revenue guarantee beginning December 14, 2002 and ending December 13, 2003 in accordance with Figure 23 on the following page. The revenue guarantee would be prorated between Volusia County and the DOT with Volusia County responsible for **\$100,000** and the DOT responsible for **\$643,333** for a total revenue guarantee of **\$743,333**. The DOT's portion of the revenue guarantee would be payable to Volusia County by the DOT on invoice for repayment to Continental along with Volusia County's portion of the revenue guarantee, based upon Continental's monthly passenger traffic performance. The specific criteria proposed for payment of the revenue guarantee to Continental is provided in Figure 23.

**Figure 23:
Revenue Guarantee Format
Continental Airlines EWR Service
Daytona Beach International Airport**

RANGE 1
Full Revenue Guarantee
For up to 90 Days Only

RANGE 2
Full Revenue
Guarantee

RANGE 3
No Revenue Guarantee
Payable-Federal
support ends after 6
consecutive months in
this range

Load Factor	Passengers (PAX)	Projected Revenue	Net Profit/(Loss)
55%	55	\$4,274,514	(\$2,686,294)
60%	60	\$4,663,106	(\$2,297,702)
65%	65	\$5,051,698	(\$1,909,110)
70%	70	\$5,440,291	(\$1,520,517)
75%	75	\$5,828,883	(\$1,131,925)
80%	80	\$6,217,475	(\$743,333)
81%	81	\$6,295,193	(\$665,615)
82%	82	\$6,372,912	(\$587,896)
83%	83	\$6,450,630	(\$510,178)
84%	84	\$6,528,349	(\$432,459)
85%	85	\$6,606,067	(\$354,741)
86%	86	\$6,683,786	(\$277,022)
87%	87	\$6,761,504	(\$199,304)
88%	88	\$6,839,222	(\$121,586)
89%	89	\$6,916,941	(\$43,867)
90%	90	\$6,994,659	\$33,851
91%	91	\$7,072,378	\$111,570
92%	92	\$7,150,096	\$189,288
93%	93	\$7,227,815	\$267,007
94%	94	\$7,305,533	\$344,725
95%	95	\$7,383,251	\$422,443
96%	96	\$7,460,970	\$500,162
97%	97	\$7,538,688	\$577,880
98%	98	\$7,616,407	\$655,599
99%	99	\$7,694,125	\$733,317
100%	100	\$7,771,844	\$811,036
80%	80	\$6,217,475	(\$743,333)

Source: Continental Airlines DAB-EWR Annual Forecast: 2 RJs per day
This analysis also assumes a **fixed** Annual Total Cost of \$6,960,808.
Average Onboard One-way Fare: \$102

Range 1 Zone. 0-50% Load Factor – Under conditions of Range 1 performance it is proposed Continental would receive a revenue guarantee of \$61,944 (i.e. \$743,333 divided by 12) for up to three months, after which time DOT support would terminate due to poor performance. It is proposed that termination of DOT program support would be implemented following three consecutive months of Range 1 performance.

Range 2 Zone. 50% - 90% Load Factor – Under conditions of Range 2, it is proposed Continental would receive \$61,944 per month (i.e. \$743,333 divided by 12). Payment of a flat rate subsidy is proposed due to the strong seasonality of the Daytona Beach market (See Figure 16), suggesting load factors may show significant variation, depending on the given month. The flat rate approach is also suggested to simplify accounting and reporting for the Pilot Program.

Range 3 Zone. 90% Plus Load Factor – Under conditions of Range 3, no revenue guarantee is proposed to be payable because Continental performance becomes profitable above the projected 90% load factor point. It is also proposed that should Continental remain in the Range 3 Zone for more than six consecutive months, DOT's Pilot Program support would end with Continental's New York /Newark EWR service considered self sustaining after that point. Due to the strong competitive pressures from MCO, the program's projected ability to achieve positive Range 3 Zone performance would be subject to review during the proposed six month and year end review periods with DOT.

Given DAB's current high load factor performance for regional jets since their introduction in 1999 (See Figures 17 & 18), combined with the inherent strength of the New York market, and Continental's intention to provide a competitive fare structure, it is reasonable to anticipate the proposed EWR service could be running well within the Range 3 Zone during the first year and thus, potentially not require further DOT support beyond that point. It is therefore also proposed that two review periods would be established in the program that would be conducted in consultation with Continental and DOT to determine overall program performance and recommended future action. It is proposed these review periods would take place during July, 2003 and November 2003, prior to consideration of program continuation into 2004. Within this proposal, it is understood that current DOT funding authorization under the Pilot Program is only for one year. It is projected that the New York Network Initiative project referenced in this proposal will achieve market sustainability within the first year with DOT funding support not presently anticipated after that time.

Continental has further agreed that their current Airport Use Agreement would be extended for the first year of the Pilot Program and would be considered for further extension based on performance review at six months and year end. Continental's current lease is scheduled to expire on October 18, 2002.

Within Continental's intention to offer a competitive fare structure, it is recognized that each air service market is different and this proposal does not provide any offer or intention to common rate fares with Orlando or Jacksonville. It is Continental's intention to achieve a self-sustaining load factor as early as possible while keeping the fare structure reasonable and appropriate to the Daytona Beach market. In approaching the Pilot Program in this way it becomes more likely that the program can be self-sustaining as soon as possible, thereby contributing to early program success and thus accomplish the federal intent. It is also important to consider that

without the proposed DOT support, there is no know alternative at the present to re-establish nonstop New York air service.

II. Proposed Marketing Partnership Program

The proposed Marketing Partnership Program is designed to work with Continental Airlines' existing marketing strategy, to rapidly promote the start of new air service in New York and the East Central Florida region. Components of the Marketing Partnership Program are listed in Figure 24 below and in more detail as Attachment K.

**Figure 24:
Marketing Partnership Program**

Newsprint Advertising in the East Central Florida and New York markets
Chamber of Commerce Newsletter Advertising
Web site promotions
Media Press Releases
DBIA Newsletter Article
Radio Advertisement with local Volusia County stations
Ribbon Cutting Ceremony at DBIA
Magazine Advertisement in the Success In Seminole Publication
Cooperative Advertisement with Certified Vacations Inc. and the North Jersey Regional Chamber of Commerce
Additional Marketing Support from partnership with various Volusia County Organizations

c. Additional Consultant Support Engaged to Assist with Application

The Daytona Beach International Airport engaged the services two aviation consulting firms for the purpose of assisting with this application. The services of PA Consulting Group were utilized to review the Application prior to submittal for feasibility and compliance with DOT guidelines. In addition, the services of Kiehl Hendrickson Group were utilized to update DOT 10% ticket sample information contained in Figure 10. In addition, the services of Jiloty Communications will be utilized to assist with the development and implementation of advertising and media materials and media schedule used to implement the Marketing Partnership Program.

d. Summary of Proposed Federal and Local Funding Requirements

**Figure 25:
Total Federal and Local Funding Year One Budget**

Federal Contribution:

- | | |
|--|-----------|
| 1) Federal Department of Transportation revenue guarantee to support New York Network Initiative | \$643,333 |
| 2) Federal Department of Transportation Up Front Marketing Contribution to support Marketing Partnership Program indicated in Attachment K | \$100,000 |

Local Contribution:

- | | |
|---|-----------|
| 1) Local Halifax Daytona Beach Convention and Visitors Bureau New York market specific support for Marketing Partnership Plan in Attachment K | \$ 50,000 |
|---|-----------|

- | | |
|--|-----------|
| 2) Local Southeast Volusia Advertising Authority New York market specific support for Marketing Partnership Plan in Attachment K | \$10,000 |
| 3) Local West Volusia Advertising Authority New York market specific support for Marketing Partnership Plan in Attachment K | \$ 5,000 |
| 4) Volusia County revenue guarantee to support New York Network Initiative jointly with the Federal Department of Transportation | \$100,000 |

Proposed Year One Total Direct Program Funding	<u>\$908,333</u>
---	-------------------------

It should be noted that while the total revenue guarantee is proposed to be \$743,333 for the first year, it will probably be ~~less~~ given past demonstrated high demand for New York service and greater frequency and competitive connections afforded by the use of regional jets. As previously noted, these type of aircraft have quickly established themselves as responsive to the Daytona Beach market, with continuous demonstration of strong load factors and increased use generally operating above the 90% load factor range since introduction in 1999. As indicated in Figure 23, Continental's performance at the Range 3 Zone level would not require DOT financial assistance for any respective month that this level was achieved.

8. Program Funding Assurances and Internal Controls

a. Proposed Airline Revenue Guarantee Payments and Accounting

It is proposed that on approval of this proposal, an appropriate grant would be executed between Volusia County and the Department of Transportation. Terms and Conditions would be as specified by DOT with Volusia County responsible to implement the Grant in accordance with its terms. Standard governmental accounting procedures would be utilized to account for all funds received and expended under the grant, similar to that currently done with the numerous federal AIP grants that have previously been accepted by Volusia County on behalf of the airport.

b. Value of Proposed In-Kind Services

The full scope of in-kind services are presented in Attachment K detailing the Marketing Partnership Plan. In addition to the cash contribution amounts, the plan also includes participation and tasks by Continental Airlines, Certified Vacations, as well the members of the Air Service Development Working Group.

c. Marketing Partnership Program Payments and Accounting

Based on the Action Plan outlined in Section 4, C above, a specific media schedule will be developed by Jiloty Communications, the Air Service Development Working Group and Airport staff following the guidelines of the Marketing Partnership Plan in Attachment K. All payments will be handled directly by the Volusia County Finance Department, which will also receive contributions from federal and local participating partners Outlined in Section 7, D and will pay invoices when due. Accounting will be accomplished by Volusia County in accordance with generally accepted accounting principals (GAP) for governmental accounting with all records available for inspection by the DOT at any time. The proposed contribution by the DOT in the

amount of \$100,000 for marketing support will be requested as up front funding upon approval of the application. These funds will be expended for both local and New York market specific marketing and advertising tasks as outlined in Attachment K.

d. Mid to Long term Budget for On-Going Air Service Development Efforts

The Daytona Beach International Airport supports a full time Marketing Department. The Marketing Department is continuously engaged in identifying and promoting new air service options for the Daytona Beach air service region and communicating the benefits of the Airport to the air traveling public. The Marketing Department has three full time employees with a current annual budget of \$643,283.00. The Marketing Department has existed as a separate Airport Department since 1999 and it is planned that the Department will continue with its air service marketing and promotion efforts at a current or greater level for the foreseeable future.

9. Airport Operating Budgets

The Daytona Beach International Airport Operating Budget is provided for review under Attachment M. The budget provides detail for fiscal years 1999 through 2002.

10. Program Performance Assessment

a. New York Program

Program assessment will be based on load factor performance referenced above in Section 7, B.

b. Proposed Milestones to Discontinue, Adjust or Extend Program Funding

As outlined in Section 7 under Range 1 Zone performance criteria, the proposed program would be discontinued in the event the load factor were less than 50% for any three consecutive months. However, Continental's performance is not anticipated to fall within the Range 1 Zone at any time during the first year of the Pilot Program.

Adjustment or extension of the program would be determined based on assessment of program performance proposed to take place in July and November 2003. Operation of the service within the Range 2 Zone area of average load factor between 50% and 90% would be the anticipated average outcome during the four to six months timeframe with excellent opportunity for the operation to move to the Range 3 Zone of 90% or greater load factor.

c. Expectation of Program Self Sufficiency

Based on the strong and established air service market between Daytona Beach and New York /Newark (EWR), it is reasonably anticipated the Pilot Program will achieve self sufficiency within a one year period following proposed service commencement on December 14, 2002. However, as in all matters relating to air service this cannot be guaranteed due to the unknown effects of the general economy, or unknown market variables.

11. Material Program Benefits

Approval of the Pilot Program will provide material benefits to a broad segment of the traveling public, including businesses, educational institutions, and other enterprises. In addition, the

program will support inbound tourism to Volusia County, which is the County's leading industry and is essential to the region's economic growth and development.

a. Business and Economic Development

In October 2000, Volusia County created the Department of Economic Development. Since this decision, a new Strategic Working Group for Economic Development, the Volusia Information Partnership and a Tourism Development Committee have been formed to improve economic development and industry within the County. Improved air service is essential to the success of the efforts put forth by these groups. Additionally, improving the area's air service is among the top ten annual goals set forth by the Volusia County Council in 2001.

A business survey conducted by the Daytona Beach International Airport in March 2001 provided data showing that Volusia County businesses have made capital investment in excess of \$293 million within the past three years and maintain planned capital investment of \$397 million over the next three years.

b. Leisure Destination Properties and Convention Business Development

Volusia County hosts over 250 leisure destination properties, making it one of Central Florida's most popular vacation destinations. In addition, the greater Daytona Beach area has undergone extreme renovation with over \$250 million dollars in expansion and development along the area's beachside. Primary development properties, Ocean Walk Village, Adams Mark Hotel, and Oceans Resorts have also launched aggressive nationwide marketing programs to increase tourism to the area. Expanded air service is vital to the success of these redevelopment efforts.

An important component affecting future air service success is the emergence of Convention Business to the East Central Florida market. Daytona Beach's Meeting and Conventions Department has recognized significant growth in this industry since its creation in 1992. Area-wide hotel construction projects, renovations and the proposed expansion of the Volusia County Ocean Center Convention Center continue to improve the convention business to Volusia County. The department has recently partnered with the Ocean Center to place special emphasis on attracting citywide groups and convention business. The scheduled convention business for FY2000/2001 generated 31,710 total room nights, 16,757 total attendance, and provided a \$3 million economic impact. It is equally important to note that the conventions recorded in the Department's data did not include all conventions within the market, only those who used the services of the Department. The Department attends over 30 tradeshows each year in an effort to solicit convention business.

c. Educational Institution Support

Volusia County offers extended education from several local colleges and universities, including Embry-Riddle Aeronautical University, University of Central Florida, Bethune Cookman College, Stetson University, Daytona Beach Community College, Keiser College, Warner Southern College, and Nova Southeastern University. Permanent residents, students and employees of these institutions are frequent users of Daytona Beach International Airport.

d. Senior Citizen and Leisure Travel

A high percentage of air travel from Daytona Beach International Airport is supported by Senior Citizen travel and leisure travel. Through Delta's hub system in Atlanta, Daytona Beach International Airport provides service to many destinations. However, with the termination of Continental's New York / Newark (EWR) service on September 11, New York became the most under-served market with regard to air service from Daytona Beach. Providing convenient nonstop service to DAB's top New York market is a needed addition that has an excellent opportunity to become self sustaining within the first year, but is needed as soon as practicable to serve the Daytona Beach community and region. Increased passenger delays at the security screening checkpoint at the Orlando International Airport (MCO) have recently made Daytona's less crowded terminal facilities more convenient than ever for local residents and senior citizens.

Reviewing the demographic profile of Volusia County in comparison to the neighboring counties of Seminole, Flagler and Brevard, Volusia County maintains the second highest population of senior citizens with the region at 23.3%. The low cost of living and high quality of life enjoyed in Volusia County offer an incentive for people of retirement age to live in Volusia County. Travel through a distant alternate airport is often not an option for this group due to the lengthy unpredictable and inconvenient highway travel and higher stress associated with use of alternate airports.

12. Proposed Federal Program Commitment: December 14, 2002 - December 13, 2003

The total Federal program commitment requested under this Proposal is \$743,333 for the period beginning December 14, 2002 through December 13, 2003. The proposed federal funds will provide a revenue guarantee of \$643,333 and Marketing support of \$100,000 for a Marketing Partnership Program with Continental Airlines. This program will enable Continental to re-establish air service to the Airport's top O&D market. Continental's new service will offer greater seat availability and new competition with the airport's dominant carrier, Delta Air Lines. As more travelers use the new service, the long-term effect of this program is expected to encourage further reduction in fares to the New York area and beyond while increasing passenger traffic through Daytona Beach International Airport and thus improving the community's access to the nation's air transportation system.

Small Community Air Service Development Pilot Program Application

Docket Number: OST-2002-11590

Submitted By:

Volusia County, Florida

Air Service Development Working Group

Attachments: Table of Contents

- A. Airport Master Record
- B. Summary of DAB AIP Grants - 1983-2001
- C. Community Letters of Support
- D. Traffic Leakage Study - 1998
- E. Traffic Leakage Study - 1999
- F. Volusia County Migration Study - 2002
- G. New York Service Survey 2001
- H. Historic Daytona Beach (DAB) New York (EWR) Passenger Traffic
- I. Continental Letter of Commitment & **RASM** Performance - September 2001 - January 2002
- J. Total EWR Connections Available with Proposed Twice Daily Service
- K. DAB-CO Marketing Partnership Program
- L. Daytona Beach Visitor Study - 2001 Mid-Florida Marketing and Research
- M. Airport Operating Budgets - FY 1999-2000, 2000-2001 and 2001-2002
- N. 5 Year Strategic Plan - Air Service Development Working Group
- O. Air Service Development Working Group Members

Attachment A
Airport Master Record

DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

1 ASSOC CITY: Daytona Beach
2 AIRPORT NAME Daytona Beach International Airport
3 CBD TO AIRPORT (NM):

AIRPORT MASTER RECORD

4 STATE: FL
5 COUNTY: Volusia
6 REG/ADP: ASO/ORL
7 SECT AERO CHT: Jacksonville

PRINT DATE 09/20/2000 AFD EFF DATE 08/10/2000

FORM APPROVED OMB No. 2120-0015

FAA SITE NR: 03147.A

GENERAL

10 OWNERSHIP Public
11 OWNER Volusia County
12 ADDRESS 123 W Indiana Avenue
Deland, FL 32720-4612
904-248-8030
13 PHONENR
14 MANAGER Dennis R. McGee
15 ADDRESS 700 Catalina Dr, Suite 300
Daytona Beach, FL 32114
904-248-8030
16 PHONENR
17 ATTENDANCE SCHEDULE
MONTHS DAYS HOURS
ALL ALL ALL

SERVICES

> 70 FUEL 100LL A
> 71 AIRFRAMERPRS Major
> 72 PWRPLANTRPRS Major
> 73 BOTTLEOXYGEN None
> 74 BULK OXYGEN High
75 TSNTSTORAGE TIE/HGR
76 OTHER SERVICES AFI / AVNCS
CHTR / MSTR / RNTL / SALES I
SURV / AMB / CARGO

BASED AIRCRAFT

90 SINGLEENG 134
91 MULTIENG 40
92 JET 10
TOTAL 184
93 HELICOPTERS 4
94 GLIDERS 0
95 MILITARY 0
96 ULTRA-LIGHT 0

FACILITIES

> 80 ARPTBCN: CG
> 81 APT LGT SKED. Dusk-Dawn
> 82 UNICOM: 122.950
> 83 WINDINDICATOR: Yes-L
84 SEGMENTED CIRCLE: None
85 CONTROLTWR Yes
86 FSS St Petersburg
87 FSSONARPT No
88 FSS PHONE NR 727-531-1495
89 TOLLFREE NR 1-800-WX-BRIEF

OPERATIONS

100 AIRCARRIER 5,747
101 COMMUTER 0
102 AIR TAXI: 571
103 GA LOCAL 50,870
104 GA TFRNT: 289,924
105 MILITARY: 888
TOTAL: 348,000

OPERATIONS FOR 12
MOS ENDING

18 AIRPORTUSE Public
19 ARPT LAT 29-10-47 7N ESTIMATED
20 ARPT LONG 81-03-29 00W
21 ARPTLEV 34 Surveyed
22 ACREAGE 2007973
23 RIGHT TRAFFIC 25R 07R 16
24 NON-COMM LANCING FEE NO
25 NASP/FEDERAL AGREEMENT NGPRY3
26 FART 139INDEX CS 05 / 73

RUNWAY DATA

> 30 RUNWAY IDENT 07L/25R
> 31 LENGTH 10,500
> 32 WIDTH 150
33 SURF TYPE-COND ASPH-G
34 SURFTREATMENT GRVD
35 GROSSWT SW 130
36 (IN THSDS) DW 210
37 DTW 420
38 DDTW 070

07R/25L 16/34
3.195 6,001
100 150
ASPH-G ASPH-G
GRVD GRVD
30 75
170
260
270

LIGHTING/APCH AIDS 07L/25R 07R/25L 16/34

> 40 EDGE INTENSITY High Med Med
> 41 NOW ELEMENT 81
> 42 RWY MARK TYPE-COND PIR-G / PIR-G BSC-G / BSC-G NPI-G / NPI-G
> 43 VASI / V6L P2L / P2L P4L / P4L
44 THR CROSSINGHGT 1 45 / 45
45 VISUAL GLIDE ANGLE None / 2.86 3 / 3
> 46 CNTRLN-TDZ Y-Y / Y-N N / N
> 47 RVR-RW T-N / / /
> 48 REIL N / Y Y / Y
> 49 APCHLIGHTS MALSR / None None / None None / None

OBSTRUCTION DATA 07L/25R 07R/25L 16/34

> 50 FAR 77 CATEGORY PIR C A(V) / A(V) C / B(V)
> 51 DISPLACED THR 690 / None None / None Now / None
> 52 CTLG OBSTN None / None Trees / Gnd ROAD / TREES
> 53 OBSTN MARKED/LGTD None / None None / None None / None
> 54 HGT ABOVE RWY END None / None 38 / 5 16 / 73
55 DIST FROM TWY END None / None 1,280 / 425 700 / 2120
56 CNTRLN OFFSET None / None OB / 200R 320L / 400L
57 OBSTN CLNC SLOPE 50:1 / 50:1 20:01 / 20:01 34:1 / 20:01
58 CLOSE-IN OBSTN No / No No / No No / No

DECLARED DISTANCES 07L/25R 07R/25L 16/34

60 TAKE OFF RUN AVBL (TORA) / / /
61 TAKE OFF DIST AVBL (TODA) / / /
62 ACLT STOP DIST AVBL (ASDA) / / /
63 LNDG DIST AVBL (LDA) / / /

(>) ARPT MGR PLEASE ADVISE FSS IN ITEM 86 WHEN CHANGES OCCUR TO ITEMS PRECEDED BY >

110 REMARKS:

A015 DAYTONA BEACH INTERNATIONAL AIRPORT
A043 RWY 25R TCH: UPWIND 95.3', DWNWIND 53.4'; GLIDE ANGLE: UPWIND 3.25 DEG. DWNWIND 2.75 DEG
A060 RWY 07L TORA - 10,500; TODA - 11,500; ASDA - 10,500; LDA - 9,810.
A060 RWY 25R TORA - 10,500; TODA - 11,500; ASDA - 10,000; LDA 10,000.
A110-01 RWY HEAVY MIGRATORY BIRD ACTIVITY ON & INVOF ARPT.
A110-02 RWY EAST END OF TWY S IS NON-MOVEMENT AREA, NATIONAL OCEAN SERVICE. FOR INFORMATION
A110-03 RWY EXTENSIVE FLIGHT TRAINING ON & INVOF ARPT.
INBOND FUEL AVAILABLE

Pavement Strengths: 71/25R Twy N Twy Exit N3
PCN Determination 64/F/A/X/T 64/F/A/X/T 64/F/A/X/T

111 INSPECTOR: (F)

112 LAST INSP: 06/23/1999

113 LAST MFO REQ:

FAA Form 5010 - I (5-91) SUPERSEDES PREVIOUS EDITION

Attachment B
Summary of DAB AIP Grants – 1983-2001

AIP Grant Information

Region: ASO State: FL City: Daytona Beach Locid: DAB
Airport: Daytona Beach International
Site No: 03147. *A NPIAS: 120017 Type: Primary Hub: Non-hub

FY	Grants	Discretionary	Entitlement	Total
1983	1	0	412,840	412,840
1984	1	0	383,100	383,100
1985	2	0	1,689,028	1,689,028
1986	1	0	1,628,994	1,628,994
1987	2	0	984,776	984,776
1988	2	0	1,069,584	1,069,584
1989	1	0	315,859	315,859
1990	3	0	2,234,163	2,234,163
1991	3	4,716,523	3,342,595	8,059,118
1992	2	1,084,278	1,028,190	2,112,468
1993	4	1,391,541	1,634,465	3,026,006
1994	4	881,595	1,002,266	1,883,861
1995	3	1,000,000	1,723,467	2,723,467
1996	1	1,700,000	0	1,700,000
1997	2	341,170	1,682,419	2,023,589
1998	1	0	495,408	495,408
1999	2	597,729	2,273,148	2,870,877
2000	2	296,091	2,561,910	2,856,601
2001	2	5,752,090	1,314,415	7,066,505
TOTALS		17,761,017	25,776,627	43,536,244

Attachment C
Community Letters of Support



Daytona Beach International Airport

700 Catalina Drive • Suite 300 • Daytona Beach, FL 32114
(386)248-8030 • fax (386)248-8038

April 15, 2002

Read C. Van De Water
Assistant Secretary for Aviation
And International Affairs
Docket Operations and Media Management Division
SVC – 124, Room PL – 401
Department of Transportation
400 7th Street SW
Washington DC 20590

Re: OST- 2002-11590-1

Dear Secretary Van De Water:

On behalf of the Air Service Development Working Group, this letter is to offer our enthusiastic support for the enclosed Proposal and Application under the Small Community Air Service Development Pilot Program.

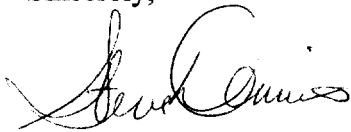
The Air Service Development Working Group represents a Public/ Private Partnership dedicated to improving air service at the Daytona Beach International Airport. The Working Group was developed as the successor to the Air Service Strike Force as referenced in the Application. The Working Group has been meeting on a monthly basis since 1998 to assist airport staff with air service development issues as well as providing a countywide network for communication and coordination on a variety of issues, which affect tourism, and economic development in Volusia County.

Last year, the Air Service Development Working Group created and funded a Five Year Strategic Plan to permit rapid response to air service development opportunities such as the Small Community Air Service Development Pilot Program. Working from the Strategic Plan, the proposed Marketing Partnership Program with Continental Airlines was funded at a recommended level of \$165,000 as detailed in the Proposal and Application. However, these hard marketing dollars represent only a portion of local efforts that will result from the work and support of individual Group members and the wider public and private constituencies they represent. In addition, Continental's support and corporate marketing commitment to the Application is a critical and tremendously valuable contribution that will make this program successful within the one-year period.

Read C. ~~Van~~ De Water
Assistant Secretary for Aviation
And International Affairs
Docket Operations and Media Management Division
Page 2

Therefore, on behalf of the Air Service Development Working Group and the Daytona Beach International Airport, we urge your early and favorable consideration of the enclosed Proposal and Application. The ~~Air~~ Service Development Working Group stands ready to assist the Department of Transportation with any additional information or assistance needed to facilitate your review.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Dennis", written in a cursive style.

Steve Dennis, Chairman
Air Service Development Working Group



The CITY OF DAYTONA BEACH

~~~~~"THE WORLD'S MOST FAMOUS BEACH"~~~~~

April 15, 2002

Office of the Mayor

Read C. Van de Water  
Assistant Secretary for Aviation  
And International Affairs  
Docket Operations and Media Management Division  
SVC - 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street SW  
Washington, DC 20590

**RE: OST-2002-11590-1**

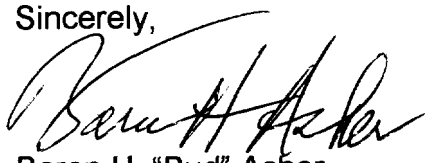
Dear Assistant Secretary Van de Water:

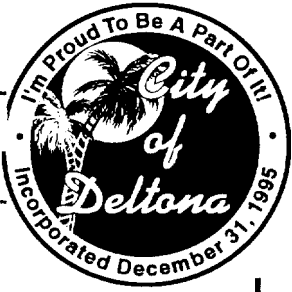
On behalf of the City Commission, this letter is to offer the support of The City of Daytona Beach for the enclosed Proposal and Application under the Small Community Air Service Development Pilot Program.

Prior to September 11, The City of Daytona Beach enjoyed daily non-stop air service to Newark/New York (EWR) via Continental Airlines. This was a very popular flight, as our residents and business community have well established ties to the New York market. We have therefore become excited and encouraged that there may now be a possibility under the Pilot Program to restart the New York/Newark (EWR) service with the return of Continental Airlines later this year.

We therefore urge your early consideration and support for the Airport's Application. Please feel free to contact me at any time should you need additional information or assistance concerning the City's support for bringing Continental's New York service back to Daytona Beach.

Sincerely,

  
Baron H. "Bud" Asher  
Mayor, City of Daytona Beach



# City of Deltona

April 12, 2002

*Mayor*  
John Masiarczyk

*Commissioners:*

Lucille Wheatley  
*District 1*

Ken Runge  
*District 2*

Michele McFall  
*District 3*

William S. Harvey  
*District 4*

Diane Obremski  
*District 5*

Doug Horn  
*District 6*

*City Manager*  
Fritz Behring

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management  
SVC – 124, Room PL 401  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

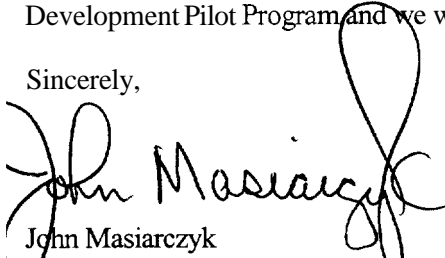
Dear Ms. Van de Water:

I am writing to you on behalf of the City of Deltona and its 71,000+ residents many of whom relocated to our city from the Northeast area including New York and New Jersey. Many of our residents still have family members and still conduct business in the Northeast. This being said, it is quite easy to see that the Northeast area is a primary destination and the loss of Continental Airlines service to Daytona Beach International Airport has resulted in many of our residents finding it difficult to make travel arrangements to that area.

The growth in S.W. Volusia County has been such that Deltona is now the 4<sup>th</sup> largest populated city in Central Florida. As a positive result, Deltona along with Volusia County is beginning to see growth in many of our local businesses as well as interest from new businesses and manufacturing in locating along the I-4 corridor from the St. Johns River east to Daytona Beach. We feel that adequate air service to the Northeast can be profitable for any airline and would be a great economic help in that it is one of the major criteria used in site selection. Also, this service would relieve the burden on our residents when they need to travel to the Northeast.

We understand that Daytona Beach International Airport is in the process of submitting a proposal and grant application to your office under the Small Community Air Service Development Pilot Program and we would ask for your favorable review of this application.

Sincerely,

  
John Masiarczyk  
Mayor

# VCOG, INC.

Volusia Council of Governments

Chairman: Mayor Donald A. Schmidt  
Executive Director: Roy M. Schleicher

**1190 Pelican Bay Drive  
Daytona Beach, FL 32119-1381**

April 11, 2002

Ms. Read C. Vanderwater  
Assistant Secretary for Aviation & International Affairs  
Department of Transportation  
400 7<sup>th</sup> St. S.W.  
Washington, D.C. 20590

Dear Ms. Vanderwater:

On behalf of VCOG, Inc. (the Volusia Council of Governments) and our seventeen local government members, I'd like to express our support for the Small Community Air Service Development Pilot Program for the Daytona Beach International Airport.

Continental Airlines was an important part of our local transportation network. With Continental Airlines our local business and governmental travelers will be able to access distant destinations without commuting great distances to another airport. Our wonderful but underserved airport facility will spring to life. And our investment in DBIA will again provide benefits for everyone in the area, residents and tourists alike.

Renewed Continental air service from DBIA will also enhance our economic development activities. As a community we have supported vocally and with our tax dollars an ongoing economic development program. The work we have done to "sell" our County is now beginning to reap dividends. Adequate air service is an important part of the package that we promote. The "World's Most Famous Beach;" a great environment; and tax incentives cannot overcome a lack of transportation.

Your assistance in securing the Small Community Air Service Development Pilot Program for the Daytona Beach International Airport is most appreciated.

Sincerely,



Roy M. Schleicher, Executive Director  
VCOG, Inc.

CC: Mayor Donald A. Schmidt, VCOG Chairman & Board Members

---

SERVING THE MEMBER GOVERNMENTS OF VOLUSIA COUNTY



## Florida Department of Transportation

JEB BUSH  
GOVERNOR

719 South Woodland Boulevard  
DeLand, Florida 32720-6800

THORIAS F. BARRY, JR.  
SECRETARY

April 11, 2002

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Ms. Van de Water:

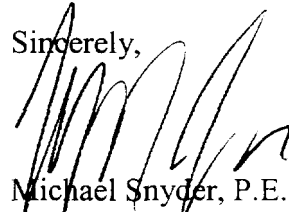
I have been asked to lend my support to Daytona Beach International Airport's application for a grant under the Small Community Air Service Development Pilot Program. I am more than pleased to do so.

The Daytona Beach community is a vital economic asset to Volusia County and Central Florida as a whole. Today, many of the tourists that visit this community must utilize far less convenient airports in Central Florida and then travel along our very busy crowded highways to reach their ultimate destination in Daytona Beach.

What is needed is additional service like this between Daytona Beach and the northeast of the United States. It would not only directly benefit the local economy, it would assist in reducing congestion on our clogged interstates.

Your favorable consideration of this application is appreciated. Please contact me should you have any questions, 386/943-5474.

Sincerely,

  
Michael Snyder, P.E.  
District Secretary  
District Five

MS:lu



April 8, 2002

Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC – 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street SW  
Washington, DC 20590

Dear Assistant Secretary Van de Water:

On behalf of the Daytona Beach Area Convention and Visitors Bureau, and as a member of the Air Service Development Working Group (ASDWG), this letter is to confirm our strong support for the enclosed application under the Small Community Air Service Development Pilot Program. The Air Service Development Working Group represents a regional cross section of interrelated business and public interests and provides an excellent platform for making the application on behalf of the Daytona Beach International Airport.

The Daytona Beach Area Convention and Visitors Bureau is the largest CVB in Volusia County representing attractions, transportation companies, restaurants, hotels and retail establishments throughout the Daytona Beach area. Following September 11<sup>th</sup>, our region saw a substantial short term decline in visitors. More recently however, we have seen improvement in visitor numbers and we remain optimistic for the balance of 2002. The proposed twice daily New York / Newark air service will provide substantial visitor and tourism related benefits. The New York area continues to be a top market for visitors to Daytona Beach and expanded air service could compliment our growing convention business.

During your review of the application materials, please feel free to call should you need any additional information about the Daytona Beach Area Convention and Visitors Bureau.

Sincerely,

Sharon Mock  
Executive Director

SM/seb





New Smyrna Beach Area Visitors Bureau  
2242 State Road 44  
New Smyrna Beach, Florida  
32168

T (386) 428-1600  
F (386) 428-9922  
Toll Free 1-To-NewSmyrna (866-397-6976)

www.newsmyrnabeachonline.com  
e-mail nsbinfo@newsmyrnabeachonline.com

**Board of Directors**

Jean Dexter, Chairman  
Buddy Davenport, Vice Chairman  
Donna Ruby, *Secretary/Treasurer*  
Gilly Aguiar  
Bill Roe  
Melynda Sachs  
Gene Sheldon

April 10, 2002

Eve Grasso, Director

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC – 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, SW  
Washington DC 20590

Dear Ms. Van de Water:

We are very excited about the possible restoration of non-stop air service between the New York area and Daytona Beach International Airport via Continental Airlines, Newark, New Jersey. Since our number two market, outside of Florida, is the New York area, non-stop air service could be extremely beneficial to our area's economy.

This letter represents the support of the members of the board of the Southeast Volusia Advertising Authority/New Smyrna Beach Area Visitors Bureau regarding a grant application being submitted by the Daytona Beach International Airport. The grant application will be submitted to you under the Small Community Air Service Development Pilot Program. The Southeast Volusia Advertising Authority represents the southeastern section of Volusia County in the promotion of tourism. The area is comprised of New Smyrna Beach, the southern part of the city of Port Orange, Edgewater and Oak Hill.

In addition to the boon it would provide for tourism, restoration of air service to the New York area would also help greatly with our economic development program. We are blessed with excellent surface transportation, but our proximity to Orlando has prevented us from developing efficient air service that is a key piece of the economic development puzzle.

We sincerely hope that you will look favorably on the grant application. If you need any documentation, facts, figures etcetera, please let us know and we will be more than happy to provide whatever you need.

Sincerely,

A handwritten signature in cursive script that reads "Jean Dexter".

Jean Dexter, Chairman



April 11, 2002

Read C. Van de Water  
Assistant Secretary for Aviation  
And International Affairs  
Docket Operations and Media Mgmt. Division  
SVC-124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, SW  
Washington, DC 20590

Dear **Mr.** Van de Water:

This letter is written in support of the Daytona Beach International Airport and their application under the **Small** Community **Air** Service Development Pilot Program. **For** the past three years, members of the *Air* Service Development Working Group, have diligently worked with DBIA on proposals and programs to increase air traffic to our area. The Working Group is comprised of a regional cross section of interrelated business and public interest officials and we are committed to the continued growth and expansion of our airport. We financially support the Airports endeavors, but our efforts are limited due to a **small** budget.

The West Volusia vacation area, located just 25 minutes from Daytona Beach, is a popular destination for the New York market. The proposed twice-daily New York/Newark air service will provide our regular visitors, **as** well as offer new visitors, a convenient transportation option to our area. Luckily, we were not affected by 9-11 due to the fact that our area is marketed **as** a safe destination, retaining a small-town charm and offering warm Southern hospitality. It **is** important to the overall economic health **of** our area that we continue to build that branding to markets such **as** New York.

Please feel free to contact our office if you need additional information.

Sincerely,

Renee T. Wentz  
Executive Director

**WEST VOLUSIA TOURISM ADVERTISING AUTHORITY**

101 North Woodland Boulevard, Suite A-308 • DeLand, Florida 32720 • 386/734-0575 • 1-800-749-4350 • Fax 386/738-3569  
[www.stjohnsrivercountry.com](http://www.stjohnsrivercountry.com) info@stjohnsrivercountry.com



From the Office of the President

April 3, 2002

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC - 124, Room PL-401  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Ms. Van de Water:

The Daytona Beach & Halifax Area Chamber of Commerce is the regional chamber in Volusia County and has been involved with air service development at the Daytona Beach International Airport for the past five years.

The Chamber is responsible for the recruitment and servicing of economic development prospects from the private sector for our area. We continue to see that adequate air service is one of the major criteria used by site selection locators throughout the country. We are beginning to see **our** community growing in the manufacturing and office areas.

New York continues to be Daytona Beach International Airport's number one destination. When we lost Continental's New York service in September, 2001, it has been a burden on **our** existing as well as new industry. Adequate air service to the northeast and New York City in particular has always been extremely important to us. We believe that service to New York should be very profitable for any airline.

126 E. Orange Ave. (32114) • P.O. Box 2475 • Daytona Beach, FL 32115-2475  
Phone: 904/255-0981 • Fax 904/258-5104  
e-mail. [george@daytonachamber.com](mailto:george@daytonachamber.com)



Ms. Read C. Van de Water

Page Two

April 3, 2002

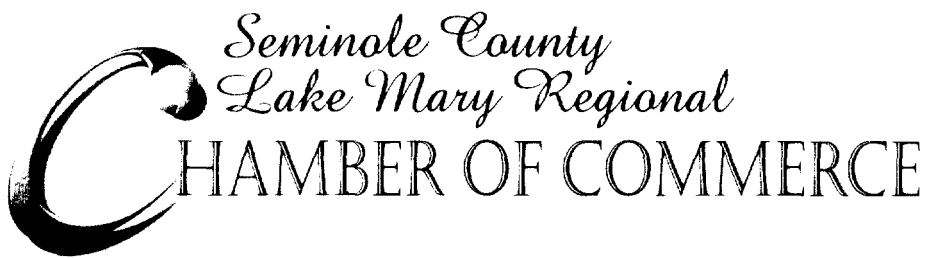
We understand that the Daytona Beach International Airport is submitting a proposal and grant application to your office under the Small Community **Air** Service Development Pilot Program. The Chamber strongly encourages your favorable review of this application.

If there are any specific questions that you may have, I hope that you will contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mirabal".

George Mirabal



April 16, 2002

Matthew C. Harris  
Special Assistant to the Assistant Secretary  
For Aviation and International Affairs  
Docket Operations and Media Management Division  
**SVC** – 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, DC 20590

Dear Mr. Harris:

The Seminole County Lake Mary Regional ~~Chamber~~ of Commerce is pleased to learn that the Daytona Beach International Airport will soon be submitting a Proposal and Grant application to your office under the Small Community **Air** Service Development Pilot Program. We are excited that this process could result in re-establishing daily non-stop air service to New York / Newark (EWR) via Continental Airlines. This area was deprived of a key transportation link to the New York region when Continental services were eliminated. Due to the business and demographic makeup of Volusia County, air service to the northeast and New York is important. With continued improvements in the airline industry, the proposed New York services should quickly establish itself **as** a self-sustaining business enterprise.

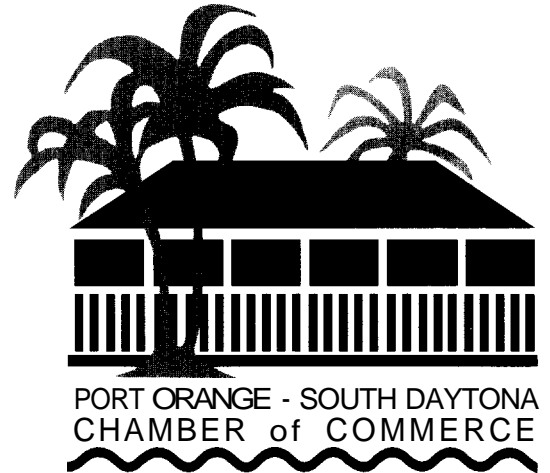
The Daytona Beach International Airport plays a vital role in the economic development of the entire Central Florida region. Combined with the convenience of the airport's location and excellent terminal facilities, Continental's service to New York will surely **be** appreciated by all types of air travelers.

On behalf of the Seminole County / Lake Mary Regional Chamber of Commerce, we wish to encourage a favorable response. Please contact us to confirm our support for this important community endeavor.

Sincerely,

A handwritten signature in black ink that reads 'Diane Parker'. The signature is fluid and cursive, with a large, stylized 'D' and 'P'.

Diane Parker  
President



April 2, 2002

Matthew C. Harris  
Special Assistant to the Assistant Secretary  
For Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC - 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, SW  
Washington DC 20590

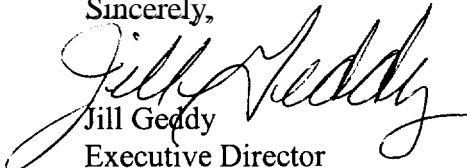
Dear Mr. Harris:

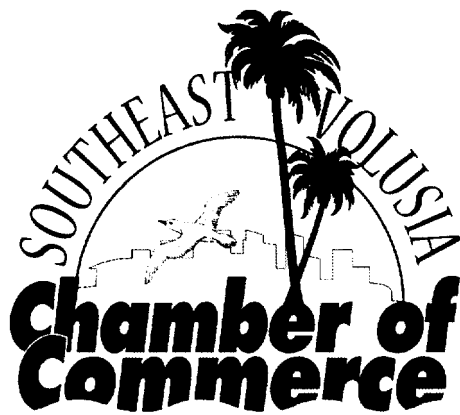
On behalf of the Port Orange South Daytona Chamber of Commerce, we would like to express our support of the Daytona Beach International Airport's application to re-establish daily non-stop air service to New York / Newark via Continental Airlines.

We are fortunate to have a quality facility such as Daytona Beach International Airport in our community. The Airport plays a vital role in the economic development and future of Volusia County and the entire region. Due to the business and demographic makeup of Volusia County, adequate air service to the northeast and New York has always been very important.

We encourage your favorable review of the Airport's application.

Sincerely,

  
Jill Gedy  
Executive Director



*Serving New Smyrna Beach, Edgewater & Oak Hill*

115 Canal Street • New Smyrna Beach, FL 32168  
(386) 428-2449 • Toll Free: 1-877-460-8410 • Fax (386) 423-3512

E-mail: [info@sevchamber.com](mailto:info@sevchamber.com)

[www.sevchamber.com](http://www.sevchamber.com)

## BOARD OF DIRECTORS

Torn Alcorn

April 12, 2002

Jim Burt

Ted Chace

Read C. Van de Water

Jessie Clark

Assistant Secretary

Teri Cobean

For Aviation and International Affairs

Jim Coffield

Docket Operations and Media Management Division

Jerry Fox

SVC – 124, Room PL – 401

Bob Garriques

Department of Transportation

Kathy Leonard

400 7<sup>th</sup> Street, SW

Washington, D.C. 20590

Dear Assistant Secretary Van de Water:

Mary Dell Lloyd

Al Peterson

The Southeast Volusia Chamber of Commerce has been a strong advocate of the growth and redevelopment of the Daytona Beach International Airport. It is our contention that it serves as a vital element of our economic structure currently, and will serve a greater function in the future. However, events of recent years have seen the erosion of air service to major market areas, most notable are those on the northeastern seaboard, which has significantly impacted our community. The result has been that our citizens and businesses have paid higher fares, endured erratic schedules or forced to drive longer distances to receive comparable service.

Greg Platte

Ken Poulin

Linda Reader

Mary Reekie

Rick Sterba

Jordan Stuart

Laura Wooley

Our business community is growing in spite of the events of September 11<sup>th</sup> due in part to a renewed effort by the County in the economic development arena. Tourism is recovering but not yet up to par. The return of air service to New York would provide a much needed boost to both of those areas not to mention the reception by our citizens who would be getting a higher level of service at more reasonable rates thus insuring the success of the proposal.

Steve Dennis,

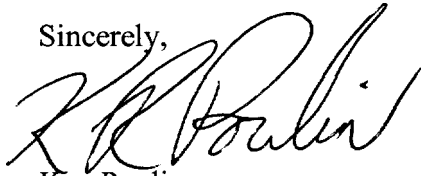
Executive V-President

The proposed service would also be a valuable asset to the future of Daytona Beach International Airport and regional area. The airport is ideally situated for the expansion of transportation services making it a critical hub for a variety of transportation systems in the eastern region of central Florida.

On behalf of the Board of Directors of the Southeast Volusia Chamber of Commerce and its members let me offer our support for return of the proposed air service to New York as presented in the Airport's application.

Should you require additional information or have any questions please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Poulin". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Ken Poulin  
President

*Chamber of Commerce*  
Bridging Communities Through Commerce



*of* **WEST VOLUSIA**

April 12, 2002

Matthew C. Harris  
Special Assistant to the Assistant Secretary  
For Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC - 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, SW  
Washington DC 20590

Dear Mr. Harris:

It has recently come to our attention that the Daytona Beach International Airport will shortly be submitting a Proposal and Grant Application to your office under the Small Community Air Service Development Pilot Program. We are excited that this process could result in re-establishing daily non-stop air service to New York/Newark (**EW**) via Continental Airlines. Following loss of Continental's New York service last September, the entire community was deprived of a key transportation link to one of our most important markets. Due to the business and demographic makeup of Volusia County, adequate air service to the northeast and New York has always been very important. With continued improvements in the airline industry, the proposed New **York** service should quickly establish itself as a self-sustaining business enterprise.

Daytona Beach International Airport plays a vital role in the economic development and future of Volusia County and the entire region. Improved air service options to New York combined with the great convenience offered by the Airport's central location and excellent terminal facilities should be readily accepted by all types of air travelers, contributing to the program's immediate and long term success.

On behalf of the Chamber of Commerce of West Volusia, we wish to therefore encourage your early and favorable review of the Airport's Application and request you contact us at any time concerning our strong support for this important community endeavor.

Sincerely,

Linda S. White  
Executive Director



# Flagler County CHAMBER OF COMMERCE

April 3, 2002

Matthew C. Harris  
Special Assistant to the Assistant Secretary  
For Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, S.W.  
Washington, DC 20590

Dear Mr. Harris:

It is our understanding that the Daytona Beach International Airport is presenting a proposal and grant application under the Small Community Air Service Development Pilot Program. We are told that approval could result in the re-establishing of daily service to the New York/Newark area on Continental Airlines.

We offer our strong support to this proposal and application. The Daytona Beach International Airport is our community's regional airport and key to both our residents' travel and business growth. A very large segment of our population is from the Northeast and particularly the New York/New Jersey states. Their travel needs, as well as their friends and families that want to visit, are not being met by the limited service now offered. Economic development efforts of both Flagler and Volusia Counties depend on good frequent transportation outlets and the Daytona Airport is vital to that effort.

We encourage your approval of the application and are convinced that with that approval we will experience the beginning of a very positive upward growth of service use.

Respectfully,

A handwritten signature in black ink, appearing to read "Richard E. Morris".

Richard E. Morris  
Executive Director



April 16, 2002

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Ms. Van de Water:

Daytona International Speedway plays an active role in air service development through Daytona Beach International Airport, most recently with our participation as a member of the Air Service Development Working Group.

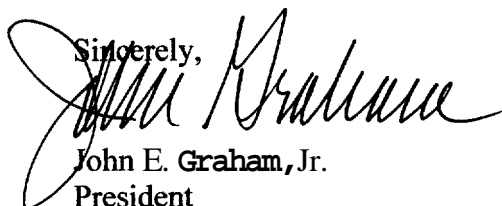
Daytona International Speedway is the home of "The Great American Race," the Daytona 500. Annually, the Daytona 500 attracts the largest audience in motorsports. This event alone welcomes over 200,000 fans each year, and has established a strong need for expanded air service to our community. With many visitors traveling to us from out of state, it is extremely important that our community provide adequate air service to support this industry.

The twice daily service to the New York market proposed by the Daytona Beach International Airport will provide a valuable business link to our northeastern fan base and business associates.

We believe the Daytona Beach International Airport's application under the Small Community Air Service Development Pilot Program is a first step toward improving our community's air service options, and is essential toward improving our community's growth and economic development.

We urge your approval of the application. Thank you for your consideration

Sincerely,



John E. Graham, Jr.  
President



Daytona International Speedway / DAYTONA USA  
1801 W. International Speedway Blvd. • Daytona Beach, Florida 32114-1243



George H. Ebbs, Jr., Ph.D.

600 S. Clyde Morris Boulevard  
Daytona Beach, FL 32114-3900  
386/226-6200, FAX: 386/226-7017  
www.embryriddle.edu

April 4, 2002

Read C. Van de Water  
Assistant Secretary for Aviation and  
International Affairs  
Docket Operational and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street SW  
Washington, DC 200590

Re: Docket OST –2002-11590-1

Dear Ms. Van de Water:

On behalf of Embry-Riddle Aeronautical University, this letter is to express our strong support for the enclosed Application to re-establish non-stop New York/Newark (EWR) air service under the Small Community Air Service Development Pilot Program.

Embry-Riddle Aeronautical University has its main campus at the Daytona Beach International Airport with approximately 5,000 full and part-time students. Embry-Riddle is the world's most comprehensive aeronautical university, covering all facets of the aviation industry and sciences.

The Daytona Beach International Airport provides important commercial air transportation services that greatly benefit our faculty and students and is the preferred airport for the numerous business associates and airlines with whom we communicate. The proposed twice-daily non-stop regional jet service would be of enormous benefit to the University, as well as other colleges and educational institutions in Volusia County.

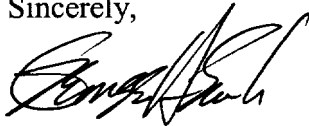
Embry-Riddle is a member of the Airport's Air Service Development Working Group that has developed the application with Dr. Seth Young who serves as our representative

Read C. Van de Water  
April 4, 2002  
Page 2

on this partnership committee. Once the Application is approved, it is our intent to promote the use of the service throughout our University system so that students, faculty and business alike become rapidly aware and supportive of this great new transportation option located within a few minutes drive from our campus.

We look forward to your early and favorable review of the Airport's Application.

Sincerely,

A handwritten signature in black ink, appearing to read "George H. Ebbs, Jr.", written in a cursive style.

George H. Ebbs, Jr.  
President

Enclosure



D. Kent Sharples

Office of the President

April 8, 2002

Ms. Read C. Van de Water  
Assistant Secretary for Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC-124, Room PL-401  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Ms. Van de Water:

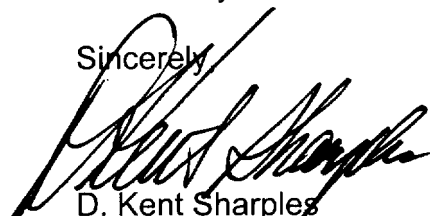
On behalf of the Daytona Beach Community College, this letter is to provide support for the efforts of the Daytona Beach International Airport proposal and grant application under the Small Community Air Service Development Pilot Program.

Daytona Beach Community College has evolved from a small campus into an academically superior, multi-campus institution annually serving between 40,000 to 50,000 residents of Volusia and Flagler counties.

Our mission, in part, is to promote economic development in Volusia and Flagler counties. One of our institution's key economic and community development goals is to serve in a leadership role in the life of the community by helping to identify opportunities and solutions to economic development issues. A key economic development issue is air service. Thus, a focus toward improving our area's economic development is providing businesses and residents within our community adequate air service.

Your approval of the application will return service to our community from our largest destination market, New York. The expansion of air service through the Daytona Beach International Airport is essential to our growth in industry and our growth as a community.

Sincerely,



D. Kent Sharples  
President



# VOLUSIA MANUFACTURERS ASSOCIATION

3 BLOCKHOUSE COURT  
ORMOND BEACH, FLORIDA 32174-3020  
TELEPHONE 386/673-0505 • FAX 386/673-6663  
Email: [ljfifer@worldnet.att.net](mailto:ljfifer@worldnet.att.net)  
Founded 1980

April 3, 2002

Matthew C. Harris  
Special Assistant to the Assistant Secretary  
For Aviation and International Affairs  
Docket Operations and Media Management Division  
SVC - 124, Room PL-401  
Department of Transportation  
400 7<sup>th</sup> Street, SW  
Washington DC 20590

Dear Mr. Harris:

On behalf of the Volusia Manufacturers Association (VMA) and as a member of the Air Service Development Working Group (ASDWG), I am extremely pleased that the Daytona Beach International Airport is submitting a Proposal and Grant Application to your office under the Small Community Air Service Development Pilot Program. Following loss of Continental's New York service last September, our business community was deprived of a key transportation link to one of our most important markets. Based on my knowledge of the current needs of existing manufacturers and business enterprises and the demographic makeup of the region, adequate air service to the northeast and New York remains a high priority issue. With continued improvements in the airline industry and Daytona's traffic, the proposed New York service should quickly establish itself as a self-sustaining business enterprise.

Daytona Beach International Airport plays a vital role in the economic development and future of Volusia County and the entire region. Improved air service options to New York combined with the great convenience offered by the Airport's central location and excellent terminal facilities should be readily accepted by all types of air travelers, contributing to the program's immediate and long term success.

On behalf of the VMA which represents 200 businesses in Volusia County and is a major business association in Volusia County, we encourage your early and favorable review of the Airport's Application.

Please contact me at any time should you need any additional information concerning our strong interest and support for this application by the Volusia Manufacturers Association and business community.

Sincerely,

  
Lou Fifer

CEO/President/Founder

Chairman, Carlos Diaz, Electron Beam Solutions. Vice Chairman, Jerry Fox, Porta Products, President/CEO, Founder, Lou Fifer; Vice President/COO, Jayne Fifer

Directors: Linda Combs, Daytona Beach Community College, Steve Cooke, Daytona Beach International Airport; Pete DiLella, Hudson Tool and Die Co.; Katie Green, Bahama House Elyse Hinson, Spherion; Elaine Kinion, KinTech Manufacturing; Reggie Mills, The Pallet Exchange; Chuck Rumer, Homac Companies, Peter Truslow, Edgewater Powerboats, Melinda Vaughn, TelTron Technologies, Pete von Lersner, Gambro Renal Care Products.

Former Chairmen: Douglas Fockler (2), James Schwarz (2), Edward Rinderie, Rick Dawson, David Perryman, Richard Firebaugh, Tom Loebel, Joe Petrock, Perry Sperber (2), Lance Hall (2), Paul Clare (2), Randy Willis, Rick Fraser, Doug Johnson (2).



April 18, 2002

**Ms.** Read C. **Van** de Water  
Assistant Secretary for Aviation and International **Affairs**  
Docket Operations and **Media** Management Division  
**SVC - 124, Room** PL-401  
Department of Transportation  
400 Seventh Street, S.W.  
**Washington, D.C.** 20590

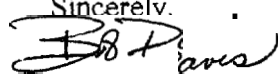
Dear Ms. **Van** de Water:

The Hotel Motel Association of **Volusia County** represents over 90 hotels - 9,000 rooms with 125 Associate members. **Our** industry has been hurt **badly** since 9/11. We see that adequate **air** service is one of the major criteria **used** by site selection locators throughout the **country**.

New York continues to be Daytona Beach International **Airport's** number one destination. Adequate **air** service to the **northeast** and New York should be very profitable for **any** airline.

We endorse the Daytona Beach International **Airport's** request and proposal application submitted to **your** office, under the **Small Community Air** Service Development Pilot Program. **Our** association strongly encourages **your** favorable review of this application.


If there are **any** specific questions **that you may** have, I hope that **you will** contact **me**. **Our** businesses depend **on** moving tourists to **our** area.

Sincerely,  


Bob Davis  
President & CEO

Cc: George **Mirabal**

Attachment D  
Traffic Leakage Study – 1998



# DAYTONA BEACH INTERNATIONAL AIRPORT (DAB)

## Leakage Analysis

Presented by: Kiehl Hendrickson Group  
September 1998



## **Executive Summary**

- **DAB "leaks" about half of tickets issued, namely to MCO**  
DAB enplaned 373,484 passengers for YE4Q97; at 100% retention, DAB has the potential to enplane 754,513 annual passengers. On average, fares are lower and there is more non-stop service at MCO
- **Delta (DL) has been increasing its share of service over the years, and that trend is projected to continue**  
DL currently tickets approximately 70% of the Daytona Beach service area traffic, however could increase enplanements by retaining passengers at DAB
- **A majority of the tickets booked in the Daytona Beach service area are for leisure travel**

## Overview and Methodology

- This leakage analysis is based upon the actual tickets written by travel agencies within the Daytona Beach service area during March, **1998**.
- A total of **1,913** total tickets were lifted for this study, of which **1,634 (85%)** were written for travel out of the Daytona Beach service area, while the remaining **279 (15%)** reflect remote boardings inbound to the Daytona Beach area.
- Approximately **6%** of the total tickets from the Daytona Beach service area were lifted for this study.

## Definitions

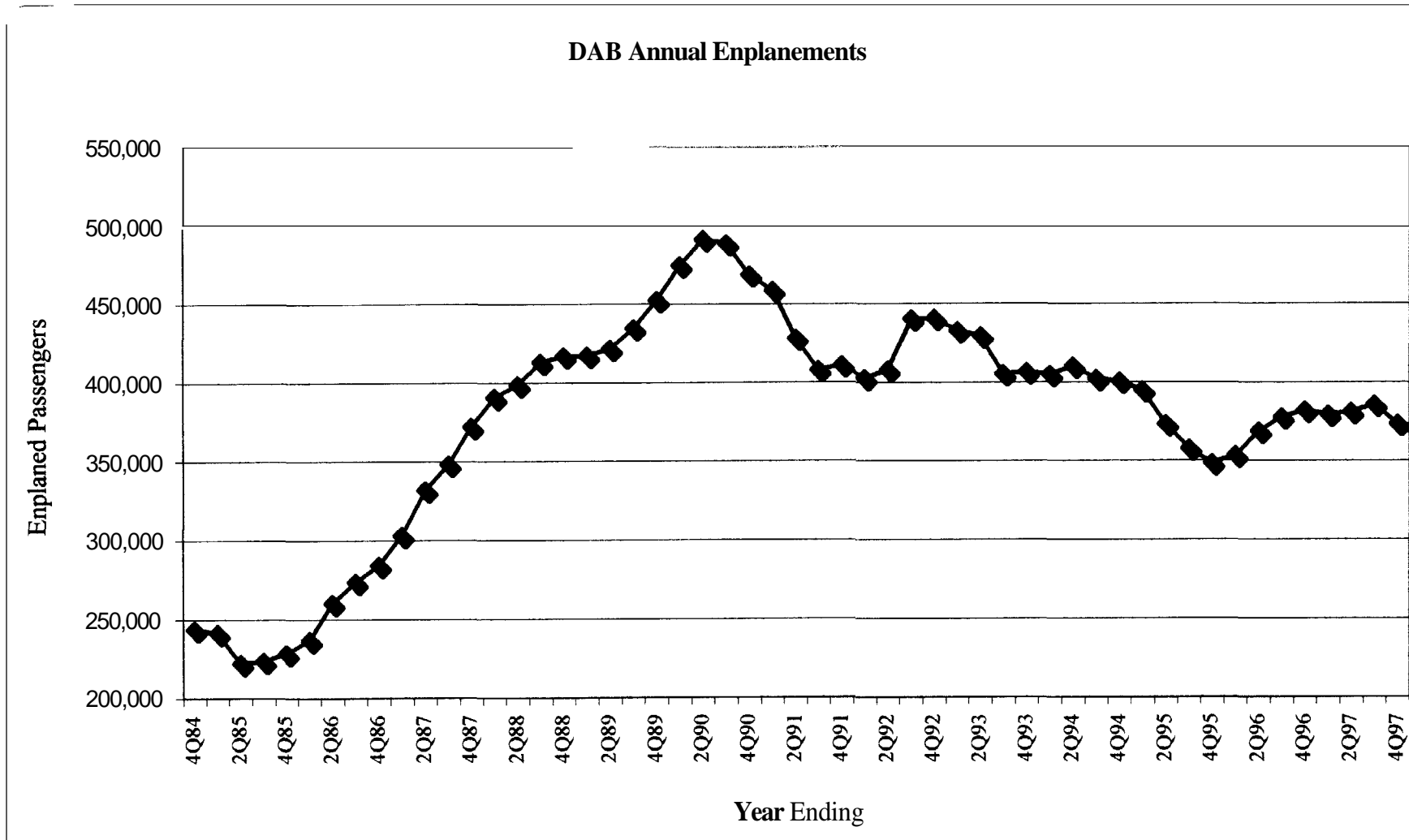
- Leakage: When a passenger within the Daytona Beach service area utilizes **an** alternative airport such as Orlando, Miami, or Jacksonville for air travel.
- Retained: When a passenger within the Daytona Beach service area uses DAB for air travel.
- Service Area: A defined geographic region surrounding **an** airport that naturally encompasses a corresponding number of passengers.
- Usage: A measurement used to quantify the amount of passenger activity by airport.
- Fare Code: A code used by the airlines to help define the corresponding fare (i.e. business or leisure)

DAB Leakage



*Traffic Overview*

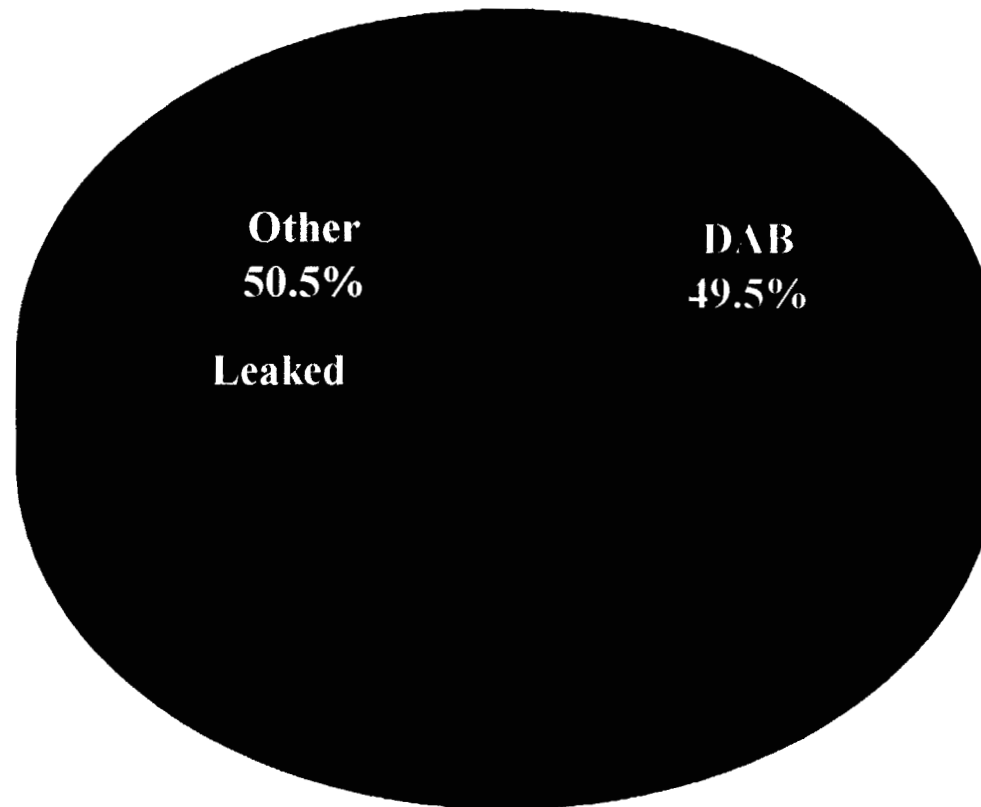
**DAB Enplanements are down almost 25% since peaking in 1990**



Source: D.O.T. Report T-100

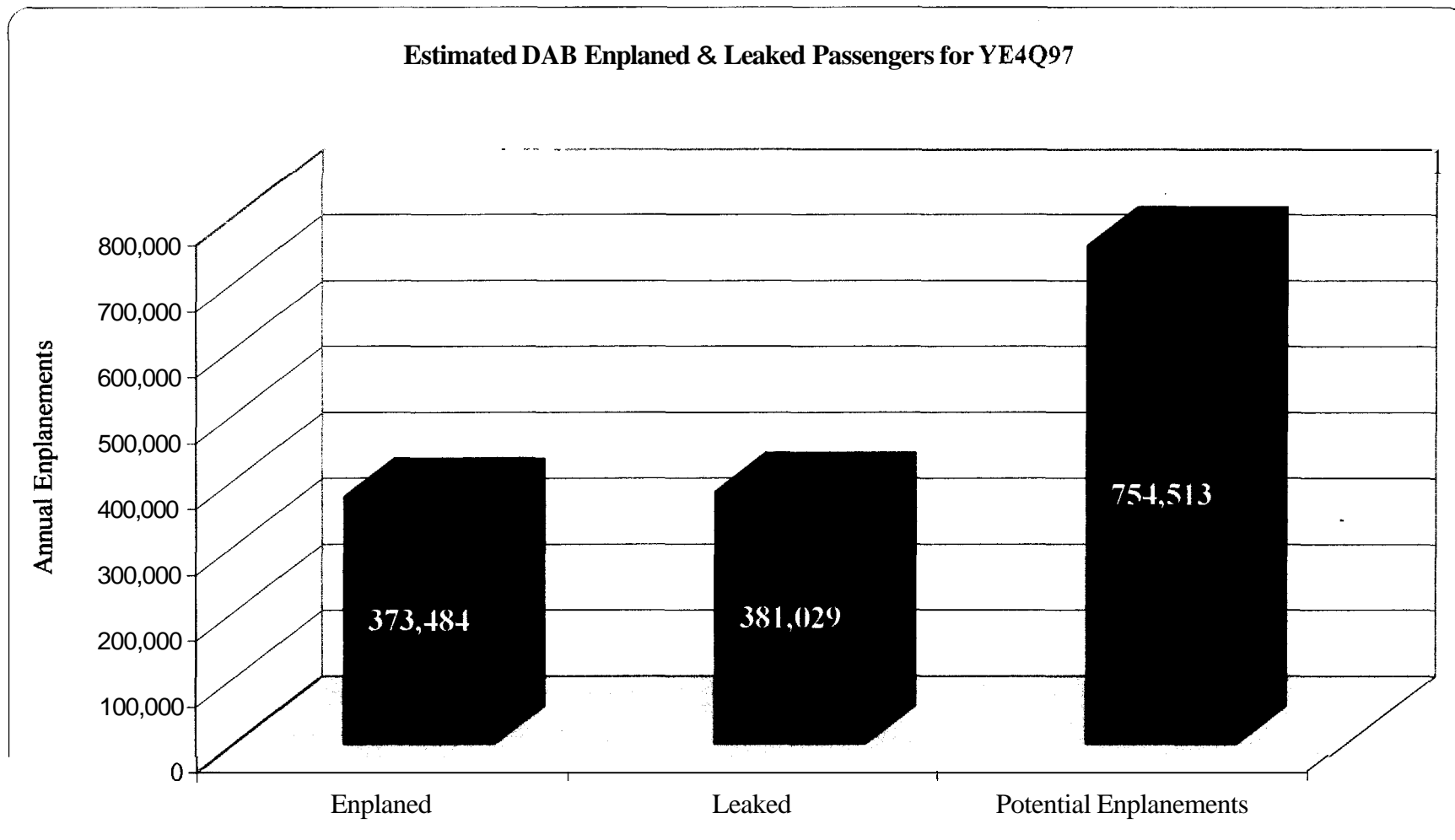
**Only one-half of the Daytona Beach passengers, actually utilize DAB**

**Of Tickets Issued from the Daytona Beach Service Area  
Percentage of Those Utilizing DAB vs. Other Airports**



*Source: TicketLift Survey*

Based upon DAB enplanements and the leakage rate of 50.5%,  
it can be assumed that annual enplanements for DAB could potentially reach 754,513



Source: Ticket Lift Survey and D.O.T. Report T-100

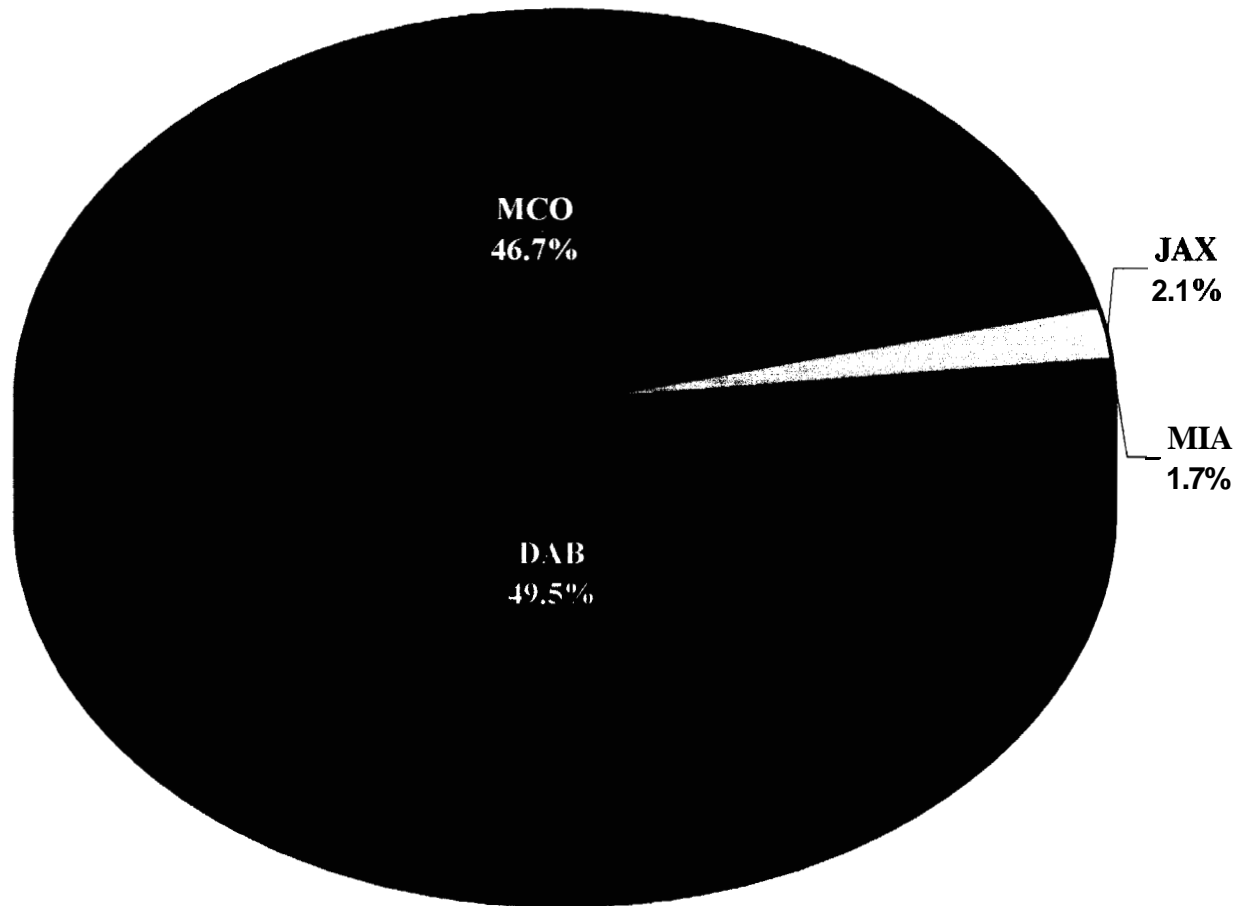
DAB Leakage



*Market Situation*

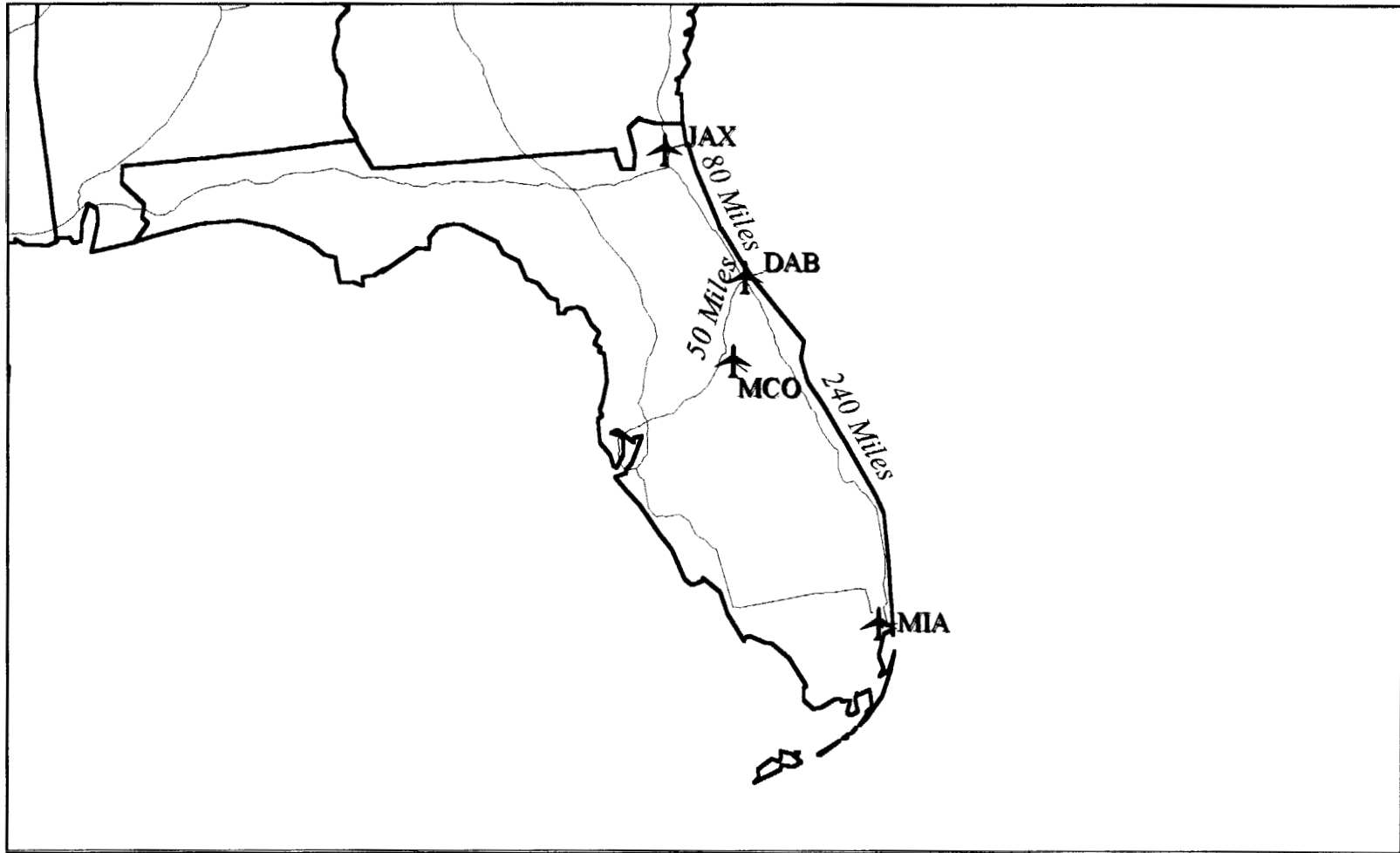
Where are the other 50% of the area passengers departing from? Mainly Orlando (MCO)

Daytona Beach Service District Airports of Usage



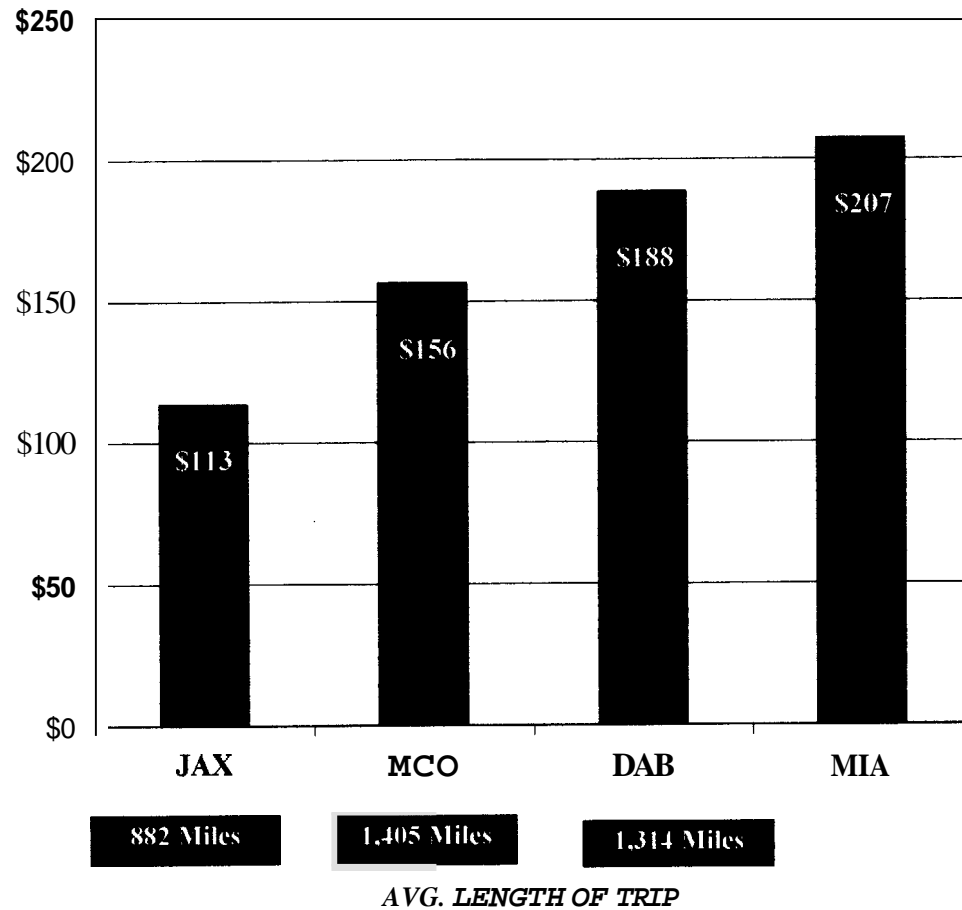
Source: Ticket Lift Survey

**Davtona Beach area travellers leak primarily to MCO, with a small portion commuting to JAX and MIA**



**Why so much Leakage? Lower average fares at Orlando, the main competition**

**One-way Fare Comparison by Originating Airport**



Source: Ticket Lift Survey

|     | Average One-Way Fare |       |        |
|-----|----------------------|-------|--------|
|     | DAB                  | MCO   | % Diff |
| ATL | \$105                | \$75  | 28%    |
| LAS | \$147                | \$146 | 1%     |
| DCA | \$163                | \$142 | 13%    |
| ORD | \$185                | \$143 | 23%    |
| BOS | \$219                | \$105 | 52%    |
| PHX | \$195                | \$179 | 8%     |
| EWR | \$137                | \$128 | 6%     |
| LGA | \$154                | \$107 | 31%    |
| BOI | \$240                | ---   | ---    |
| PHL | \$198                | \$142 | 28%    |
| ABQ | \$148                | \$155 | -5%    |
| DEN | \$273                | \$196 | 28%    |
| CVG | \$278                | \$186 | 33%    |
| BDL | \$151                | \$113 | 25%    |
| DFW | \$136                | \$142 | -4%    |
| LAX | \$187                | \$197 | -5%    |
| SEA | \$211                | \$147 | 30%    |

Source: Ticket Lift Survey

**Top 10 DAB Markets (as ranked by ticket lift survey)**

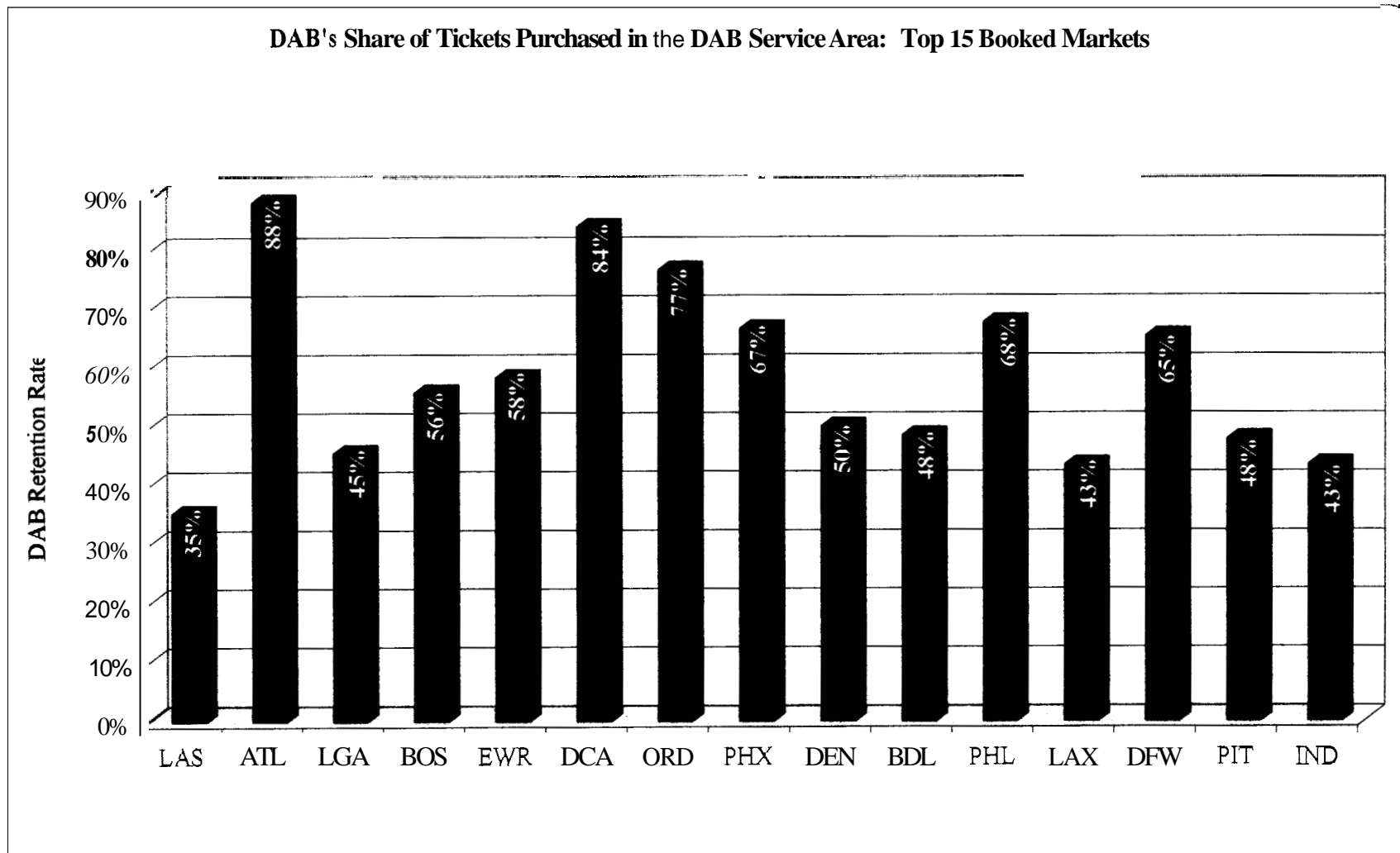
|             |              | <b>% of Ticket</b> | <b>% of DOT O&amp;D</b> |
|-------------|--------------|--------------------|-------------------------|
| <u>Rank</u> | <u>Dest.</u> | <u>Sample</u>      | <u>Data (1Q98)</u>      |
| 1           | ATL          | 7%                 | 9%                      |
| 2           | LAS          | 6%                 | 2%                      |
| 3           | DCA          | 5%                 | 2%                      |
| 4           | ORD          | 5%                 | 4%                      |
| 5           | BOS          | 4%                 | 5%                      |
| 6           | PHX          | 4%                 | 1%                      |
| 7           | EWR          | 4%                 | 9%                      |
| 8           | LGA          | 3%                 | 3%                      |
| 9           | BOI          | 3%                 | 0%                      |
| 10          | PHL          | 3%                 | 2%                      |

**Top 10 MCO Markets (by DAB area travellers)**

|             |              | <b>% of Ticket</b> | <b>% of DOT O&amp;D</b> |
|-------------|--------------|--------------------|-------------------------|
| <u>Rank</u> | <u>Dest.</u> | <u>Sample</u>      | <u>Data (1Q98)</u>      |
| 1           | LAS          | 14%                | 1%                      |
| 2           | LGA          | 5%                 | 4%                      |
| 3           | BOS          | 4%                 | 4%                      |
| 4           | EWR          | 3%                 | 5%                      |
| 5           | PTP          | 3%                 | 0%                      |
| 6           | SJU          | 3%                 | 1%                      |
| 7           | DEN          | 3%                 | 2%                      |
| 8           | BDL          | 3%                 | 2%                      |
| 9           | LAX          | 3%                 | 2%                      |
| 10          | MDW          | 3%                 | 2%                      |

Source: Ticket Lift Survey & D.O.T. 10% Coupon Sample

**DAB retains a healthy share of only a few of the top markets**



Source: TicketLift Survey

**Leakage is due not only to lower fares, but also to more non-stop service from MCO**

|             |             |                  | <i>Airport of Usage for Daytona Beach-Issued Tickets</i> |             |              |             |              |             |              |             |
|-------------|-------------|------------------|----------------------------------------------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| <b>Rank</b> | <b>Dest</b> | <b>Avg. Fare</b> | <b>DAB</b>                                               |             | <b>MCO</b>   |             | <b>JAX</b>   |             | <b>MIA</b>   |             |
|             |             |                  | <b>Share</b>                                             | <b>Fare</b> | <b>Share</b> | <b>Fare</b> | <b>Share</b> | <b>Fare</b> | <b>Share</b> | <b>Fare</b> |
| 1           | LAS         | \$146            | 35%                                                      | \$147       | 63%          | \$146       | ---          | ---         | ---          | ---         |
| 2           | ATL         | \$103            | 64%                                                      | \$105       | 10%          | \$89        | 2%           | \$52        | ---          | ---         |
| 3           | LGA         | \$130            | 45%                                                      | \$154       | 33%          | \$100       | ---          | ---         | ---          | ---         |
| 4           | BOS         | \$170            | 56%                                                      | \$219       | 44%          | \$109       | ---          | ---         | ---          | ---         |
| 5           | EWR         | \$133            | 38%                                                      | \$137       | 42%          | \$127       | ---          | ---         | ---          | ---         |
| 6           | DCA         | \$159            | 84%                                                      | \$163       | 14%          | \$102       | 2%           | \$103       | ---          | ---         |
| 7           | ORD         | \$178            | 77%                                                      | \$185       | 10%          | \$103       | 7%           | \$103       | ---          | ---         |
| 8           | PHX         | \$189            | 67%                                                      | \$195       | 33%          | \$179       | ---          | ---         | ---          | ---         |
| 9           | DEN         | \$233            | 50%                                                      | \$273       | 47%          | \$194       | 3%           | \$164       | ---          | ---         |
| 10          | BDL         | \$123            | 48%                                                      | \$136       | 52%          | \$111       | ---          | ---         | ---          | ---         |
| 11          | PHL         | \$178            | 68%                                                      | \$198       | 32%          | \$135       | ---          | ---         | ---          | ---         |
| 12          | LAX         | \$199            | 43%                                                      | \$187       | 53%          | \$215       | 3%           | \$93        | ---          | ---         |
| 13          | DFW         | \$144            | 65%                                                      | \$151       | 13%          | \$102       | 19%          | \$120       | ---          | ---         |
| 14          | PIT         | \$133            | 48%                                                      | \$129       | 43%          | \$109       | 9%           | \$120       | ---          | ---         |
| 15          | IND         | \$122            | 43%                                                      | \$137       | 48%          | \$114       | 9%           | \$86        | ---          | ---         |
| 16          | CVG         | \$251            | 74%                                                      | \$278       | 26%          | \$176       | ---          | ---         | ---          | ---         |
| 17          | ABQ         | \$155            | 91%                                                      | \$148       | 9%           | \$232       | ---          | ---         | ---          | ---         |
| 18          | DTW         | \$137            | 32%                                                      | \$183       | 64%          | \$116       | 5%           | \$114       | ---          | ---         |
| 19          | BOI         | \$240            | 100%                                                     | \$240       | ---          | ---         | ---          | ---         | ---          | ---         |
| 20          | SEA         | \$180            | 52%                                                      | \$211       | 48%          | \$147       | ---          | ---         | ---          | ---         |
| 21          | PTP         | \$313            | ---                                                      | ---         | 95%          | \$314       | ---          | ---         | 5%           | \$288       |
| 22          | SJU         | \$189            | ---                                                      | ---         | 95%          | \$192       | ---          | ---         | 5%           | \$126       |
| 23          | MCI         | \$115            | 47%                                                      | \$133       | 53%          | \$99        | ---          | ---         | ---          | ---         |
| 24          | CLE         | \$128            | 56%                                                      | \$157       | 39%          | \$86        | 6%           | \$126       | ---          | ---         |
| 25          | BWI         | \$99             | 24%                                                      | \$150       | 41%          | \$86        | 35%          | \$81        | ---          | ---         |

Source: Ticket Lift Survey

*Indicates Non-Stop Service*

**The table below gives a good estimate of true Daytona Beach demand to tor, O & D markets**

*How to read: LAS is the #1 booked market from the Daytona Beach service area, however, only 14.1 passengers out of 40.1, or 35% utilize DAB. The other 26 passengers per day, each way, (or 65%) utilize alternative airports when travelling*

| <b>Rank</b> | <b>Market</b> | <b>DAB<br/>Retention<br/>Rate</b> | <b>O &amp; D Passengers D.E.W.</b> |                      |               |
|-------------|---------------|-----------------------------------|------------------------------------|----------------------|---------------|
|             |               |                                   | <b>DAB<br/>Booked</b>              | <b>DAB<br/>Usage</b> | <b>Leaked</b> |
| 1           | LAS           | 35%                               | 40.1                               | 14.1                 | 26.0          |
| 2           | ATL           | 88%                               | 85.0                               | 75.1                 | 9.9           |
| 3           | LGA           | 45%                               | 46.9                               | 21.3                 | 25.6          |
| 4           | BOS           | 56%                               | 76.7                               | 42.8                 | 33.9          |
| 5           | EWR           | 58%                               | 123.1                              | 71.8                 | 51.3          |
| 6           | DCA           | 84%                               | 20.6                               | 17.3                 | 3.3           |
| 7           | ORD           | 77%                               | 37.5                               | 28.8                 | 8.7           |
| 8           | PHX           | 67%                               | 11.3                               | 7.5                  | 3.8           |
| 9           | DEN           | 50%                               | 18.6                               | 9.3                  | 9.3           |
| 10          | BDL           | 48%                               | 65.6                               | 31.8                 | 33.8          |
| 11          | PHL           | 13%                               | 149.6                              | 18.7                 | 130.9         |
| 12          | LAX           | 43%                               | 31.2                               | 13.5                 | 17.7          |
| 13          | DFW           | 65%                               | 16.5                               | 10.8                 | 5.7           |
| 14          | PIT           | 48%                               | 32.6                               | 15.6                 | 17.0          |
| 15          | IND           | 43%                               | 40.9                               | 17.8                 | 23.1          |
| 16          | CVG           | 74%                               | 14.6                               | 10.8                 | 3.8           |
| 17          | ABQ           | 13%                               | 13.6                               | 1.7                  | 11.9          |
| 18          | DTW           | 32%                               | 62.5                               | 19.9                 | 42.6          |
| 19          | BOI           | 100%                              | 0.7                                | 0.7                  | 0.0           |
| 20          | SEA           | 52%                               | 13.4                               | 7                    | 6.4           |

Source: D.O.T. 10% Coupon Sample & Ticket Lift Survey

**DAB** Usage is taken from 10% Coupon Sample (YE4Q97), Retention Rate & DAB Booked is derived from March 1998 Ticket Lift Survey, DAB Leaked is the calculated difference between Booked & Usage

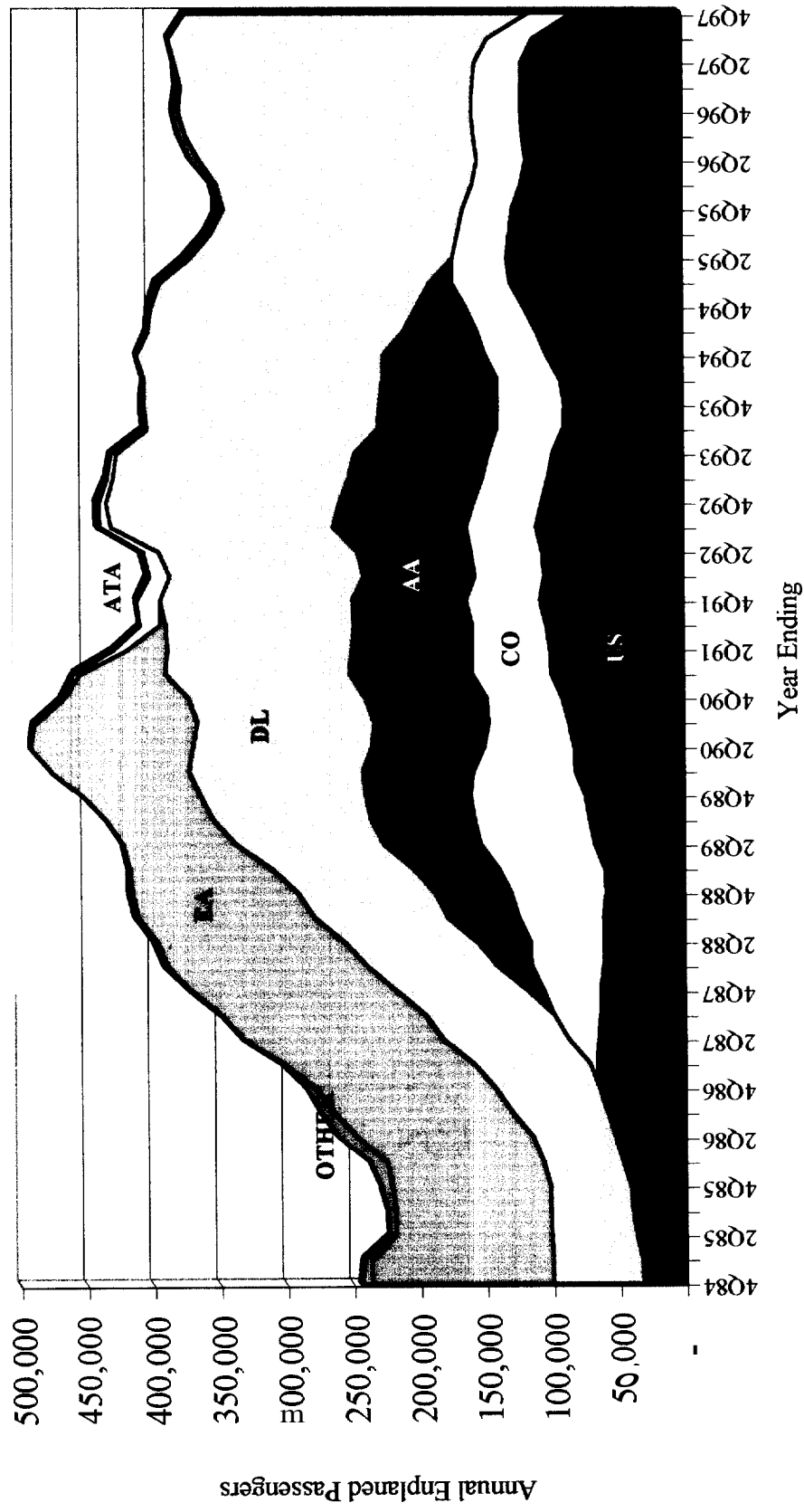
DAB Leakage



*Carriers*

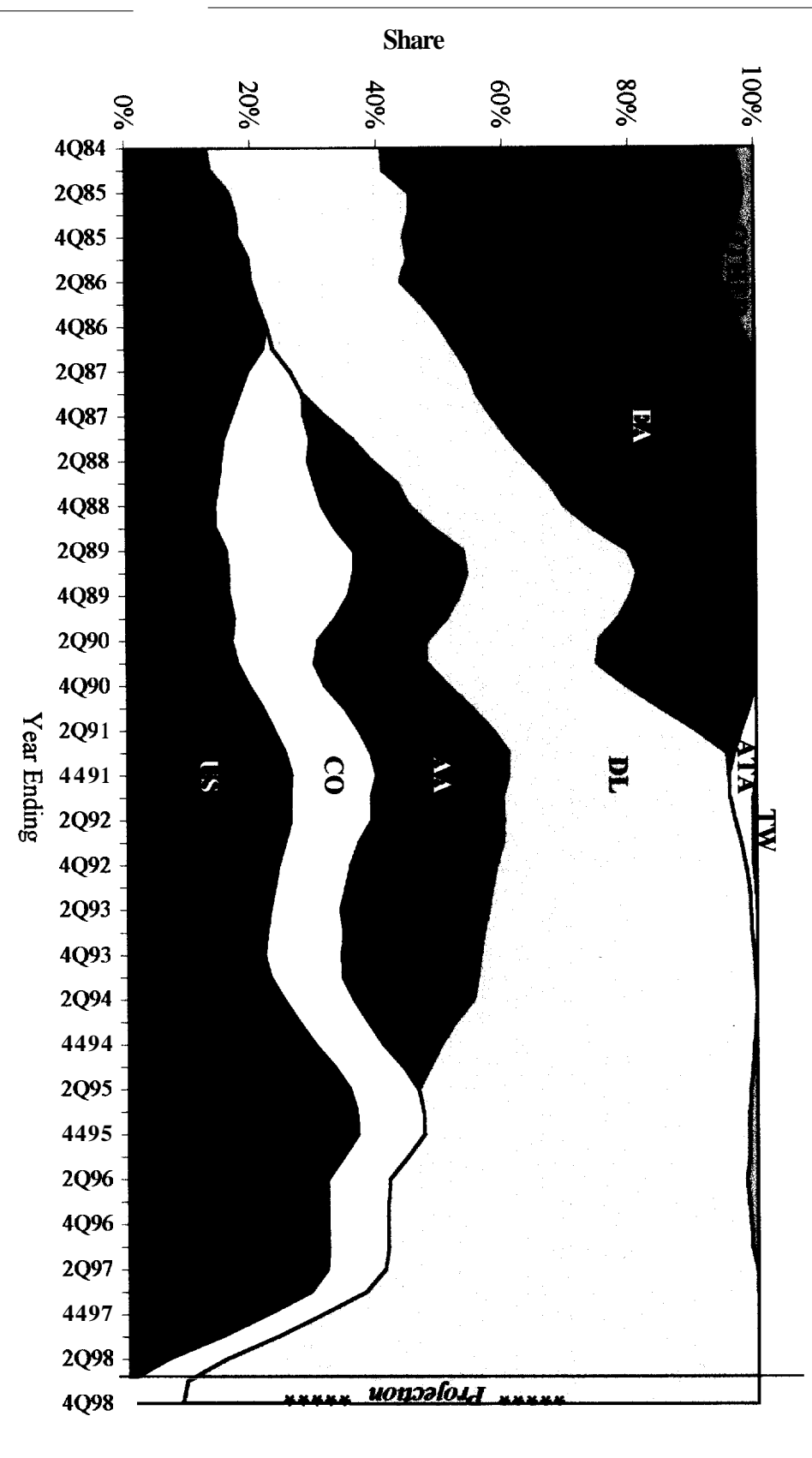
Delta DL has been the dominant presence at DAB...

DAB Annual Enplanements by Carrier



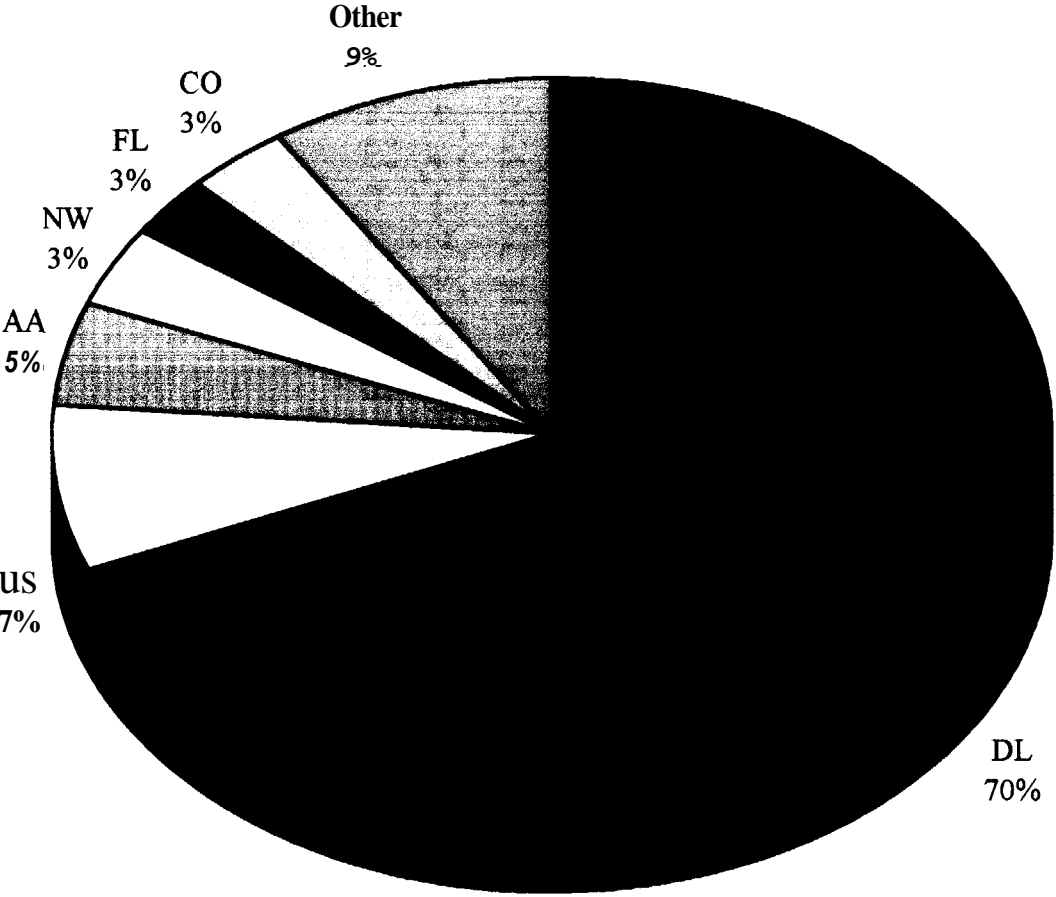
...and that trend is projected to continue

DAB Carrier Share of Enplanements



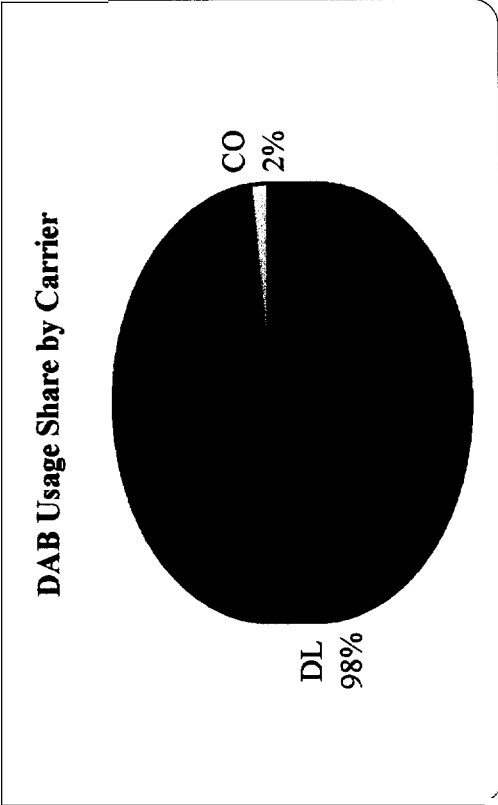
**Delta (DL) tickets 70% of the traffic from the Daytona Beach Service Area**

**Carrier Share: Of All Tickets Written from the Daytona Beach Service Area**

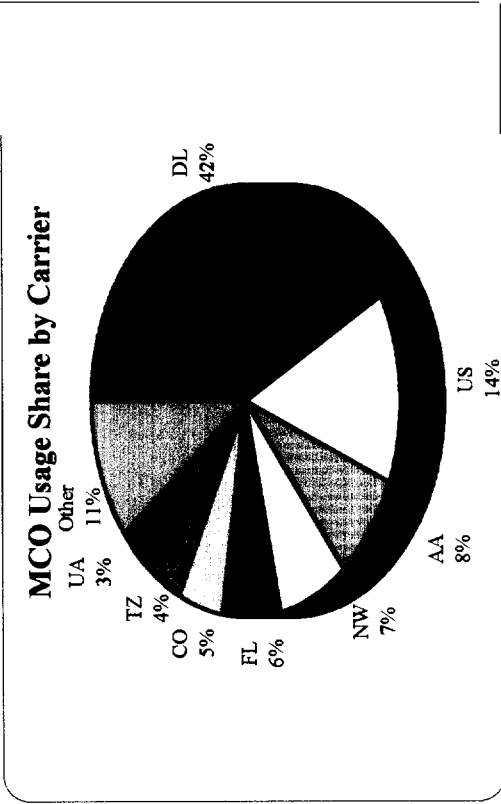


Source: TicketLift Survey

DL benefit when ticketed out of the Daytona Beach area utilize DAB



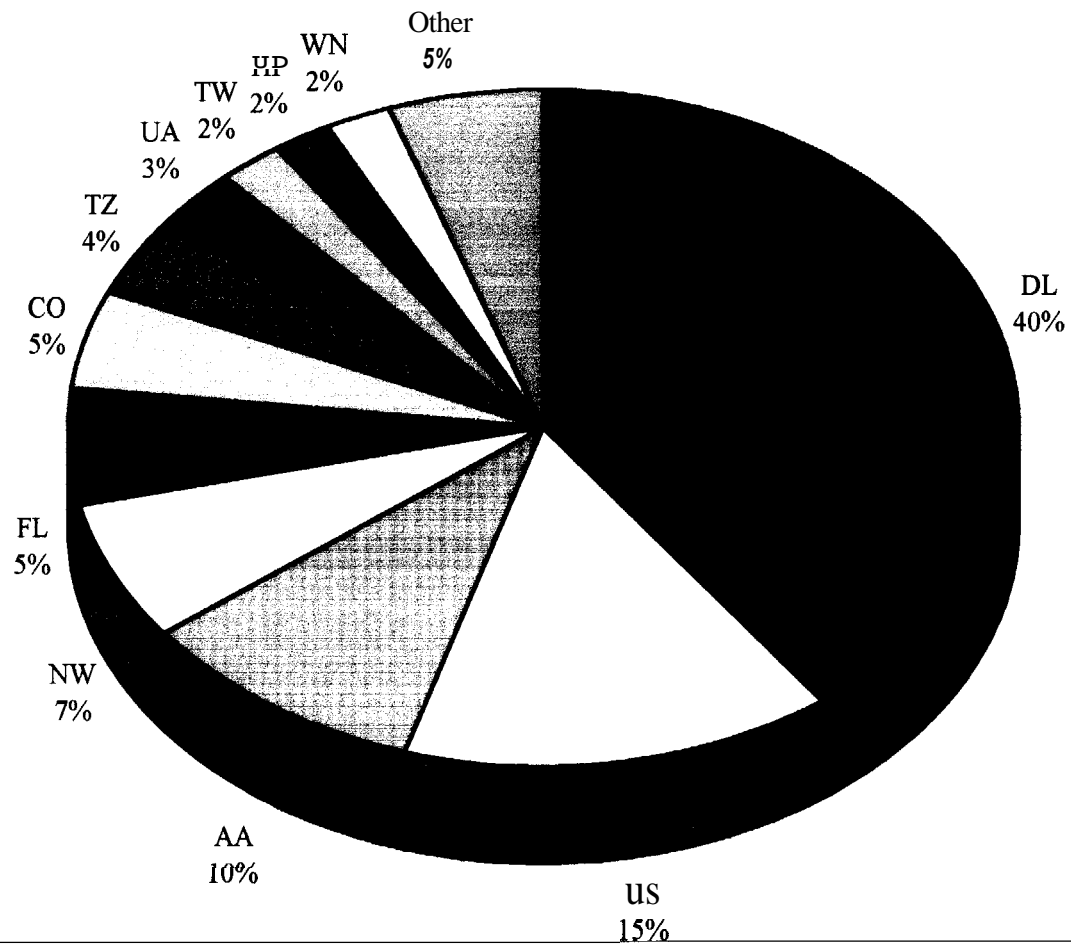
Source: Ticket Lift Survey



Source: Ticket Lift Survey

**It is in Delta's best interest to keep traffic in DAB**

**Carrier Share of Daytona Beach Ticketed Traffic not Utilizing DAB**



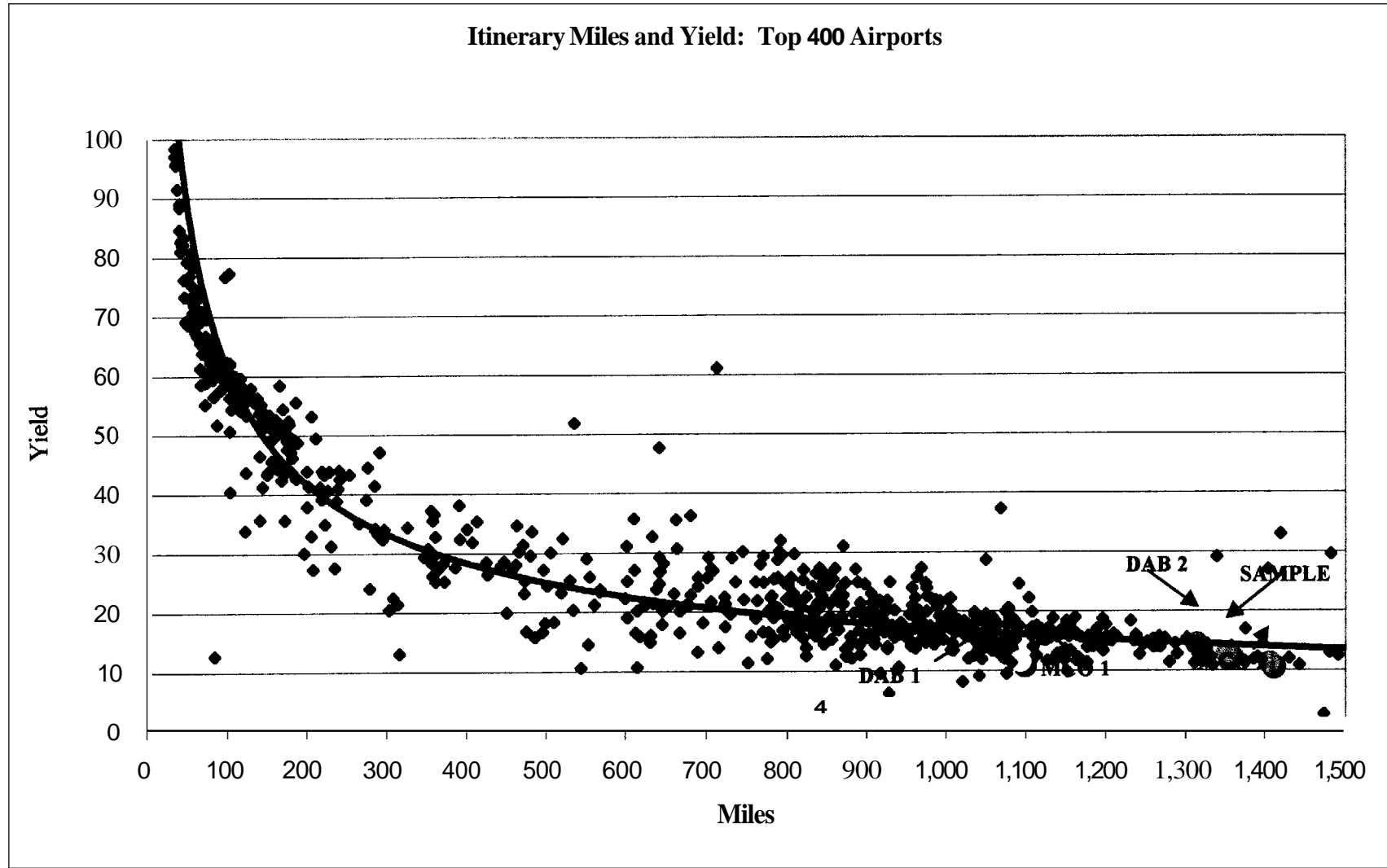
Source: Ticket Lift Survey

DAB Leakage



*Fares*

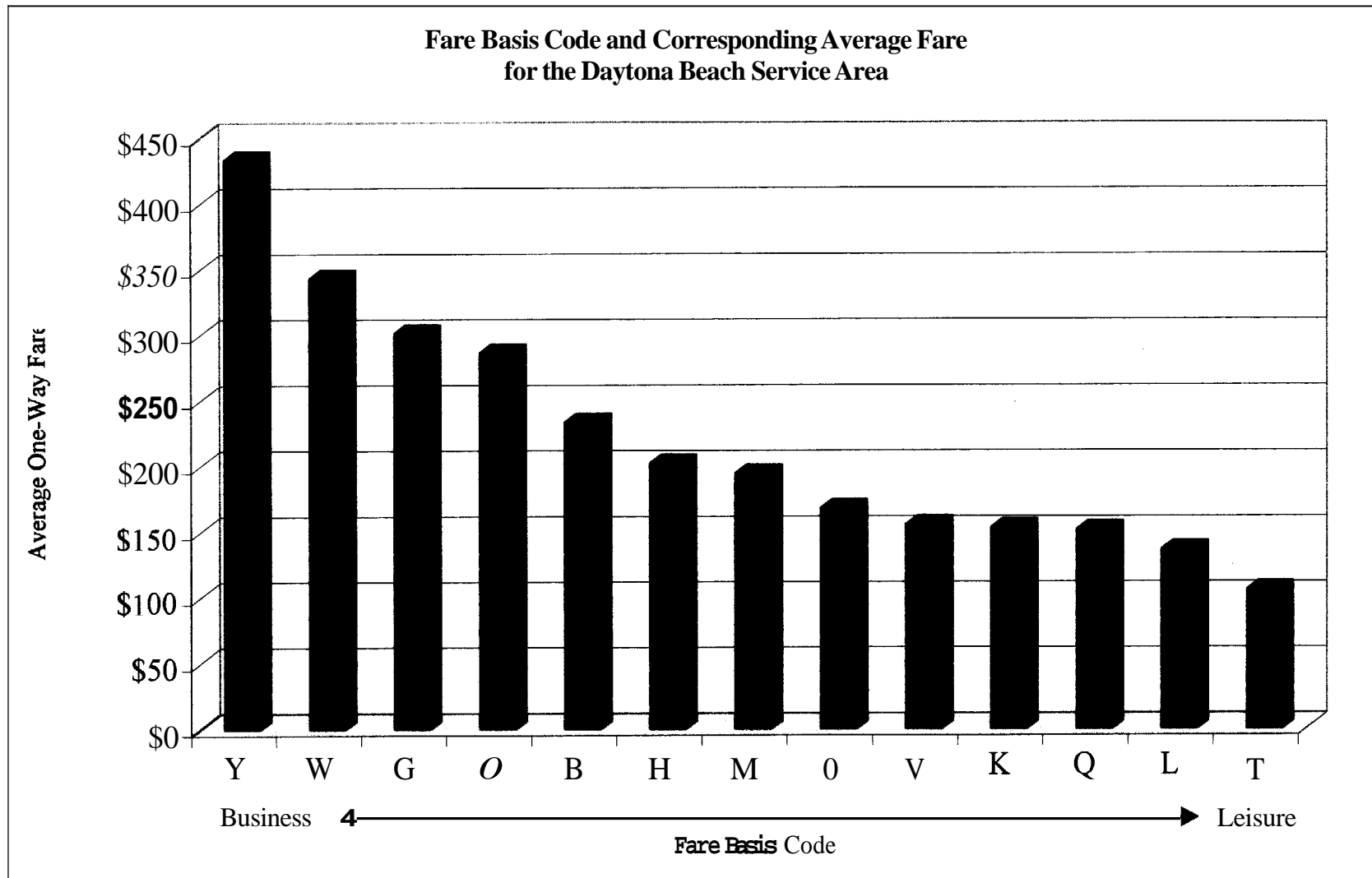
While DAB fares are lower than average, MCO's are even lower, in both the leakage sample as well as in the D.O.T. 10% sample



Source: D.O.T. Report T-100

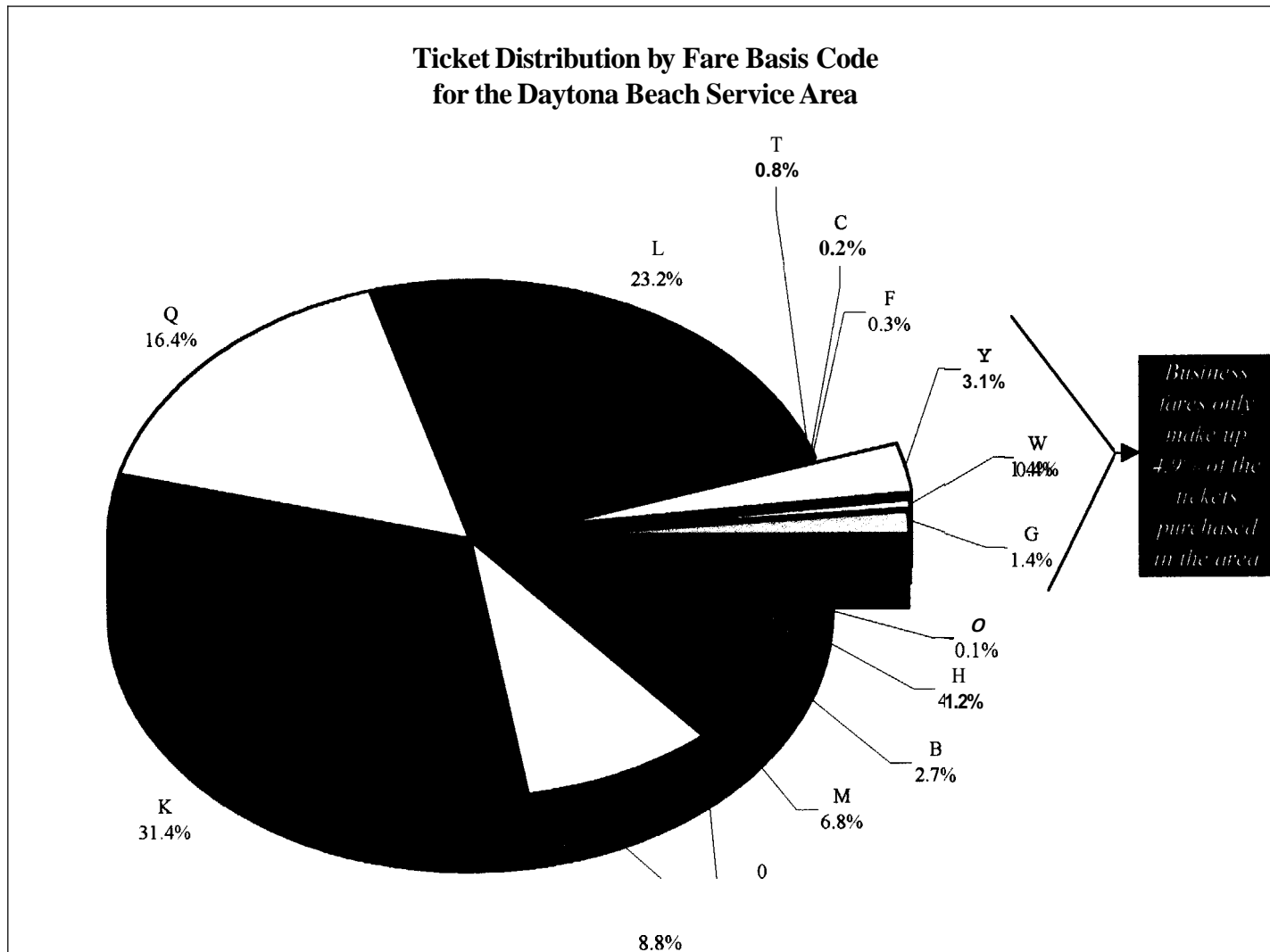
DAB 1 and MCO 1 are D.O.T. data; DAB 2, MCO 2, and Sample are from the Leakage Sample

**Fares are assigned fare basis codes as part of the inventory control process**



Source: Ticket Lift Survey

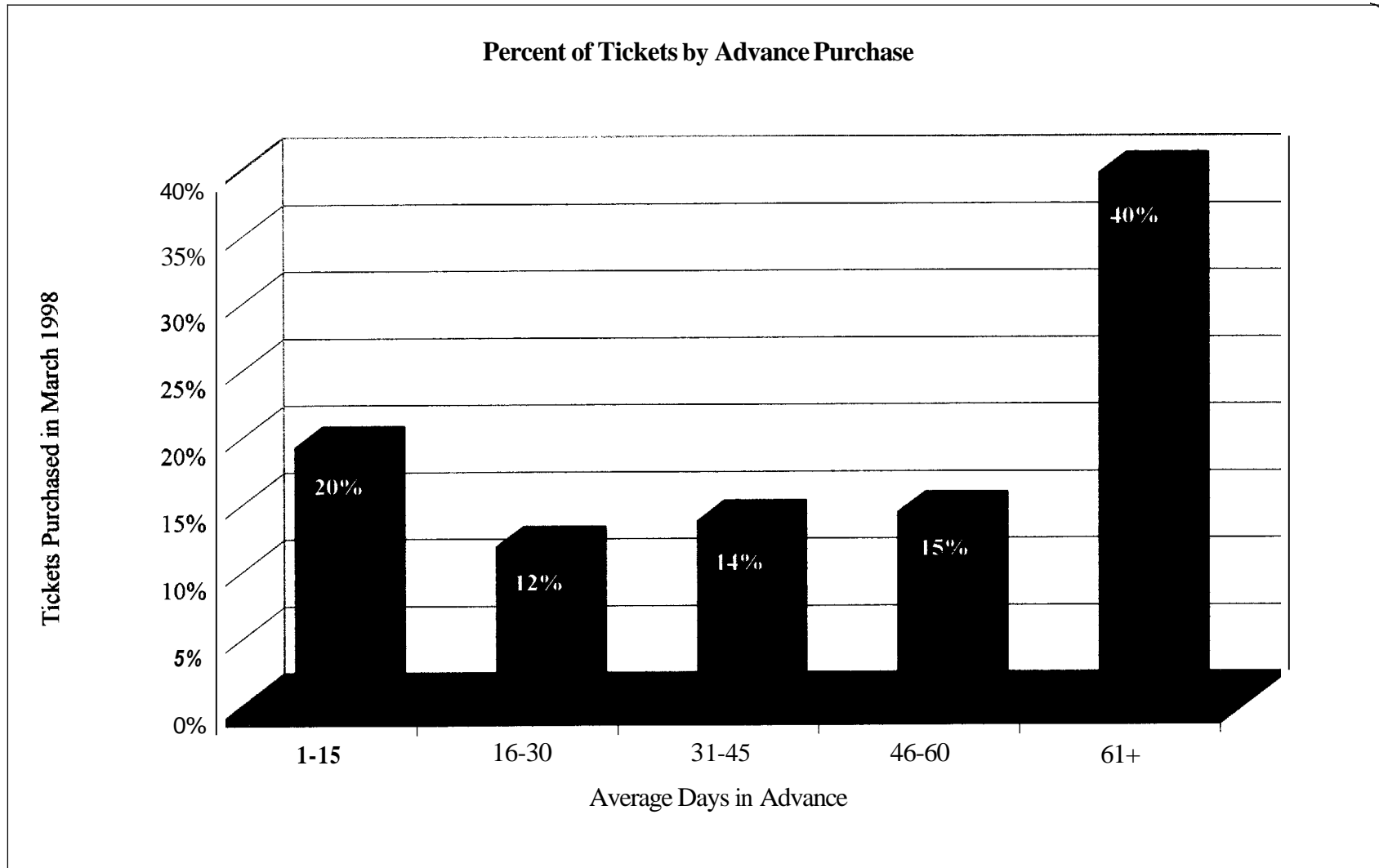
A majority of the tickets purchased in the Daytona Beach service area are of the leisure fare classes



| Fare Class | Average One-way Fare |
|------------|----------------------|
| Y          | \$433                |
| W          | \$343                |
| G          | \$301                |
| O          | \$286                |
| B          | \$233                |
| H          | \$202                |
| M          | \$194                |
| 0          | \$168                |
| V          | \$155                |
| K          | \$152                |
| Q          | \$151                |
| L          | \$136                |
| T          | \$105                |

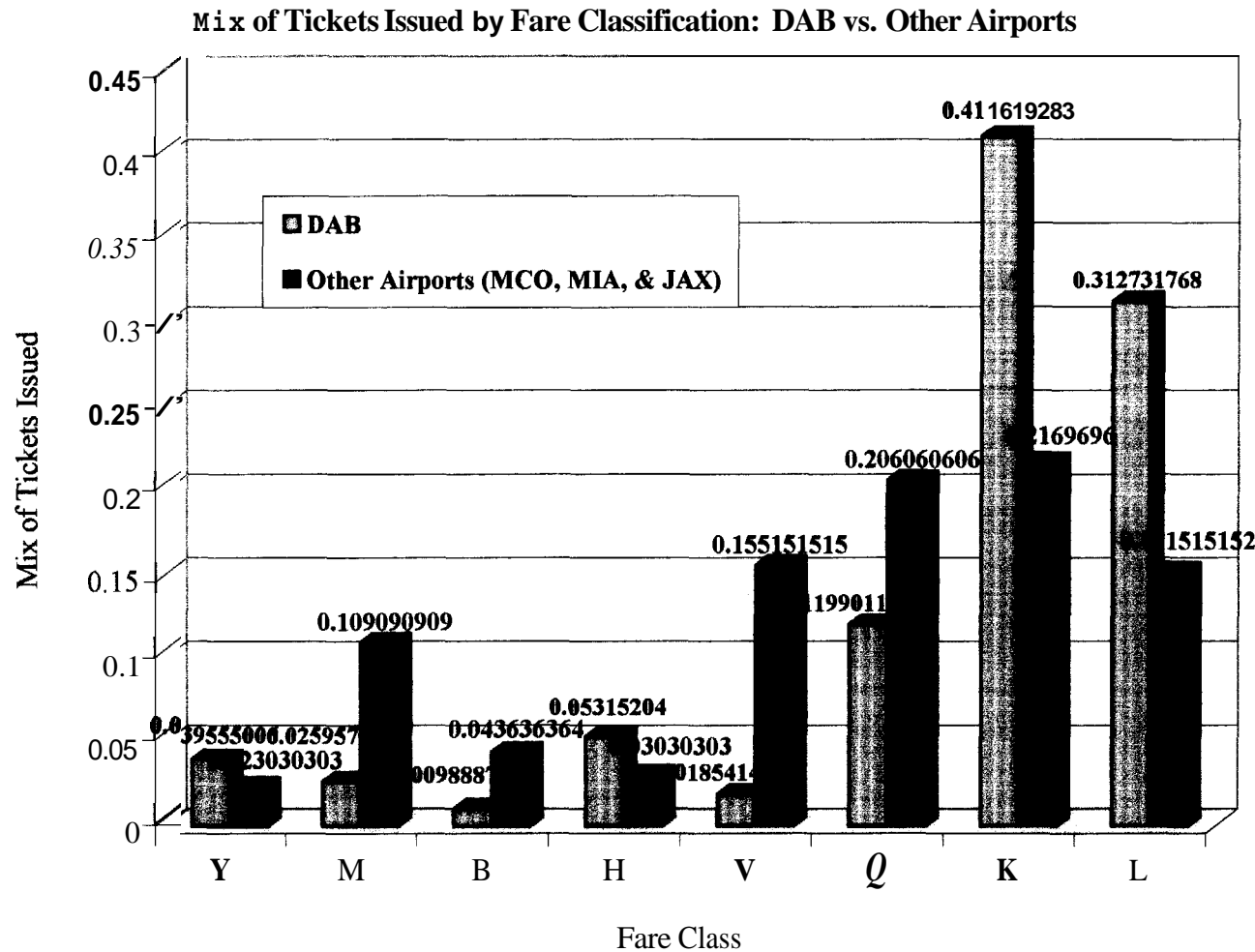
Source: Ticker Lift Survey

**A large portion of DAB area tickets are purchased well in advance of travel  
indicating a high proportion of leisure travel**



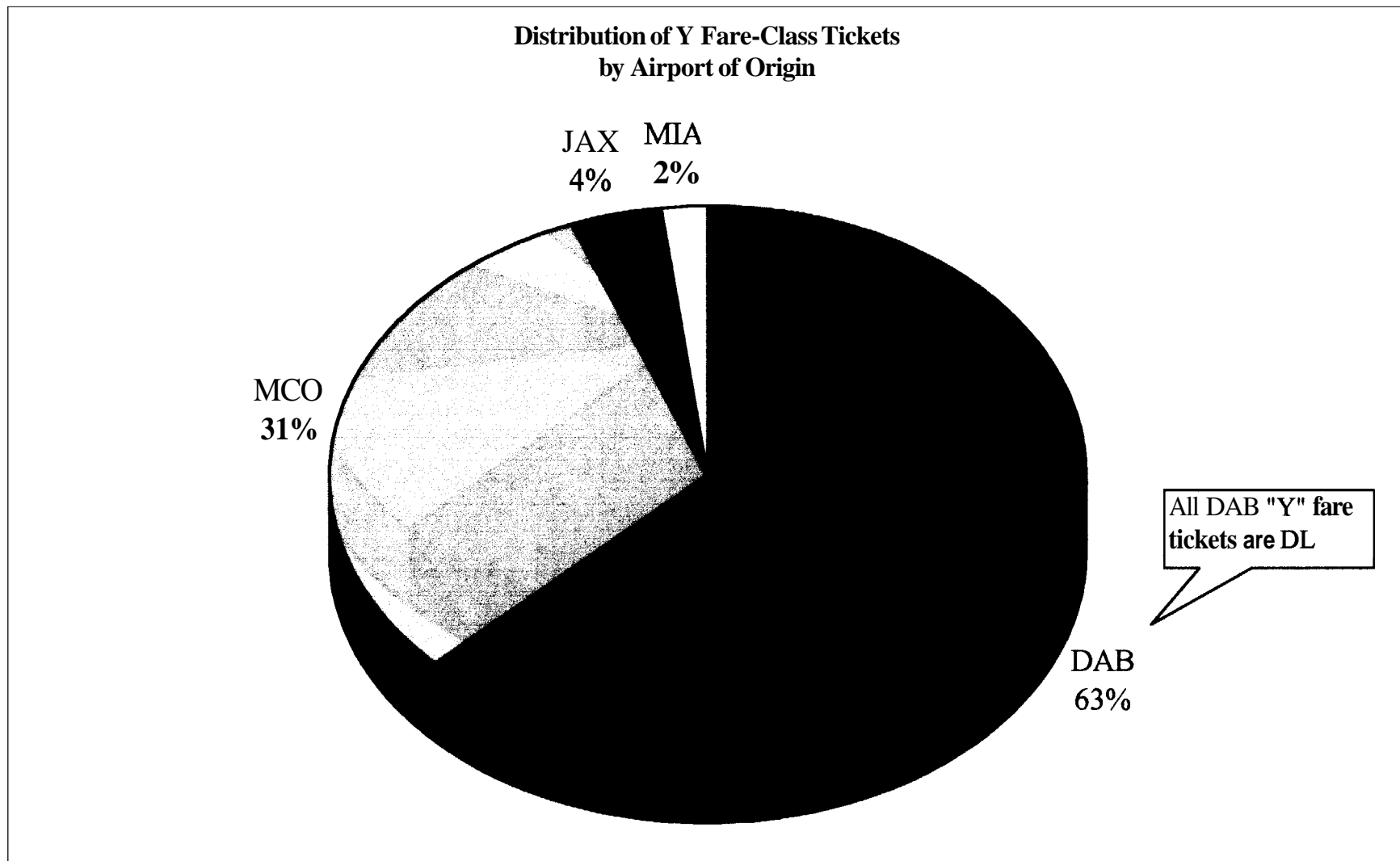
Source: TickerLift Survey

## DAB retains more leisure traffic than business traffic



| Fare Code | Average One-way Fare |       |
|-----------|----------------------|-------|
|           | DAB                  | Other |
| Y         | \$513                | \$352 |
| M         | \$290                | \$142 |
| B         | \$246                | \$236 |
| H         | \$224                | \$162 |
| V         | \$219                | \$173 |
| Q         | \$188                | \$136 |
| K         | \$161                | \$145 |
| L         | \$141                | \$175 |

**DAB could capture a larger majority of the high-yielding "Y" tickets issued  
from the Daytona Beach Service Area...**



Source: TicketLift Survey

**...and Delta would certainly benefit**

**Attachment E**  
**Traffic Leakage Study - 1999**



Daytona Beach  
International  
Airport

*Traffic  
Leakage  
Analysis:  
October 1999*



**DAYTONA BEACH**  
**INTERNATIONAL AIRPORT**

## *Executive Summary*

- o A leakage analysis was completed for the Daytona Beach International Airport in **1998**, which utilized tickets issued from local travel agencies in the month of March **1998**. That study, used in conjunction with this current analysis will establish a trend in travel habits exhibited by air passengers residing in the Daytona Beach area. The tickets surveyed for this analysis were issued in October of **1999**.
- At the time of the last analysis, annual enplanements were about 373,606. For the year ending **1Q99**, enplanements are down about 20 percent at just under 300,000.
- o With increased leakage and declining enplanements, the overall market demand has remained steady. Jacksonville is the beneficiary of **DAB's** increased leakage, while Orlando's share of the area's tickets remained unchanged.
- o The average fares at **DAB**, **MCO**, and **JAX** have decreased since the last analysis, however the fares at **MCO**, having been lower to begin with, decreased a greater amount than those out of **DAB**.
- o The attractiveness of low fares, combined with a great number of non-stop destinations, gives Orlando its advantage.
- o Delta is the dominant carrier at **DAB**, however Continental is gaining momentum in the race for market share in the area.

## ***Definitions***

- **Leakage**: When a passenger within the DAB service area utilizes an alternative airport such as MCO or JAX.
- **Retained**: When a passenger within the DAB service area uses - DAB for air travel.
- **Service Area**: A defined geographic region surrounding an airport that naturally encompasses a corresponding number of passengers.
- **Usage**: A measurement used to quantify the amount of passenger activity by airport.
- **Fare Code**: A code used by the airlines to help define the corresponding fare (i.e. business or leisure).

## Codes

### Airlines

|            |                      |           |                    |
|------------|----------------------|-----------|--------------------|
| <b>AA</b>  | American Airlines    | <b>NW</b> | Northwest Airlines |
| <b>ATA</b> | American Trans Air   | <b>TW</b> | TWA                |
| <b>CO</b>  | Continental Airlines | <b>TZ</b> | American Trans Air |
| <b>DL</b>  | Delta Airlines       | <b>UA</b> | United Airlines    |
| <b>EA</b>  | Eastern Airlines     | <b>US</b> | US Airways         |
| <b>FL</b>  | Airtran Airways      | <b>WN</b> | Southwest Airlines |
| <b>HP</b>  | America West         |           |                    |

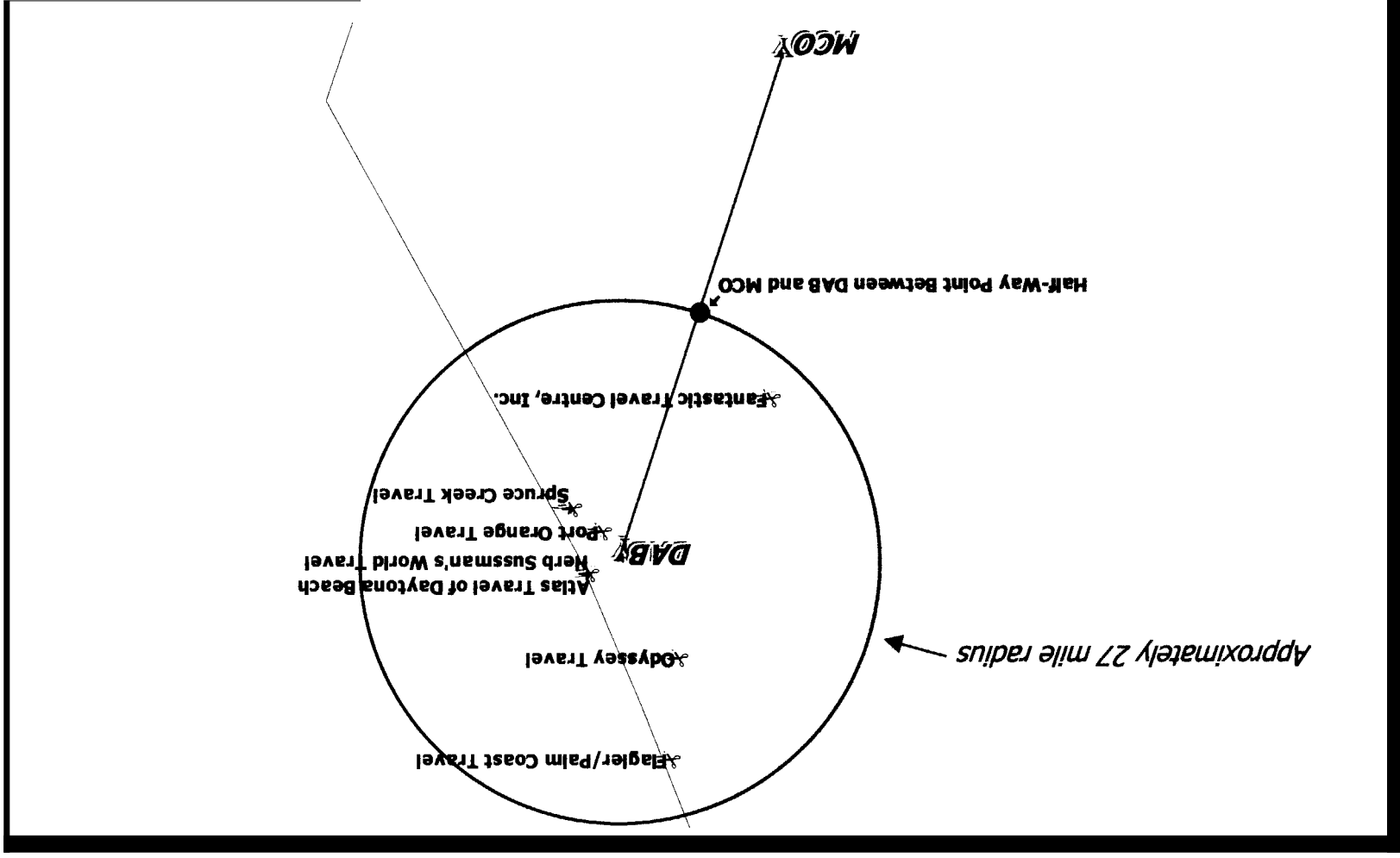
### Airports

|            |                             |            |                                 |
|------------|-----------------------------|------------|---------------------------------|
| <b>ABQ</b> | Albuquerque, New Mexico     | <b>JAX</b> | Jacksonville, Florida           |
| <b>ATL</b> | Atlanta, Georgia            | <b>JFK</b> | New York, New York (JFK)        |
| <b>BDL</b> | Hartford, Connecticut       | <b>LAS</b> | Las Vegas, Nevada               |
| <b>BOS</b> | Boston, Massachusetts       | <b>LAX</b> | Los Angeles, California         |
| <b>BUF</b> | Buffalo, New York           | <b>LGA</b> | New York, New York (La Guardia) |
| <b>BWI</b> | Baltimore, Maryland         | <b>MCO</b> | Orlando, Florida                |
| <b>CMH</b> | Columbus, Ohio              | <b>MDW</b> | Chicago, Illinois (Midway)      |
| <b>DAB</b> | Daytona Beach, Florida      | <b>MIA</b> | Miami, Florida                  |
| <b>DCA</b> | Washington, D.C. (National) | <b>ORD</b> | Chicago, Illinois (O'Hare)      |
| <b>DEN</b> | Denver, Colorado            | <b>PHL</b> | Philadelphia, Pennsylvania      |
| <b>DFW</b> | Dallas-Ft. Worth, Texas     | <b>PHX</b> | Phoenix, Arizona                |
| <b>DTW</b> | Detroit, Michigan           | <b>PIT</b> | Pittsburgh, Pennsylvania        |
| <b>EWR</b> | Newark, New Jersey          | <b>PVD</b> | Providence, Rhode Island        |
| <b>IAD</b> | Washington, D.C. (Dulles)   | <b>SEA</b> | Seattle, Washington             |
| <b>IND</b> | Indianapolis, Indiana       | <b>SJU</b> | San Juan, Puerto Rico           |
| <b>ISP</b> | Islip, New York             |            |                                 |

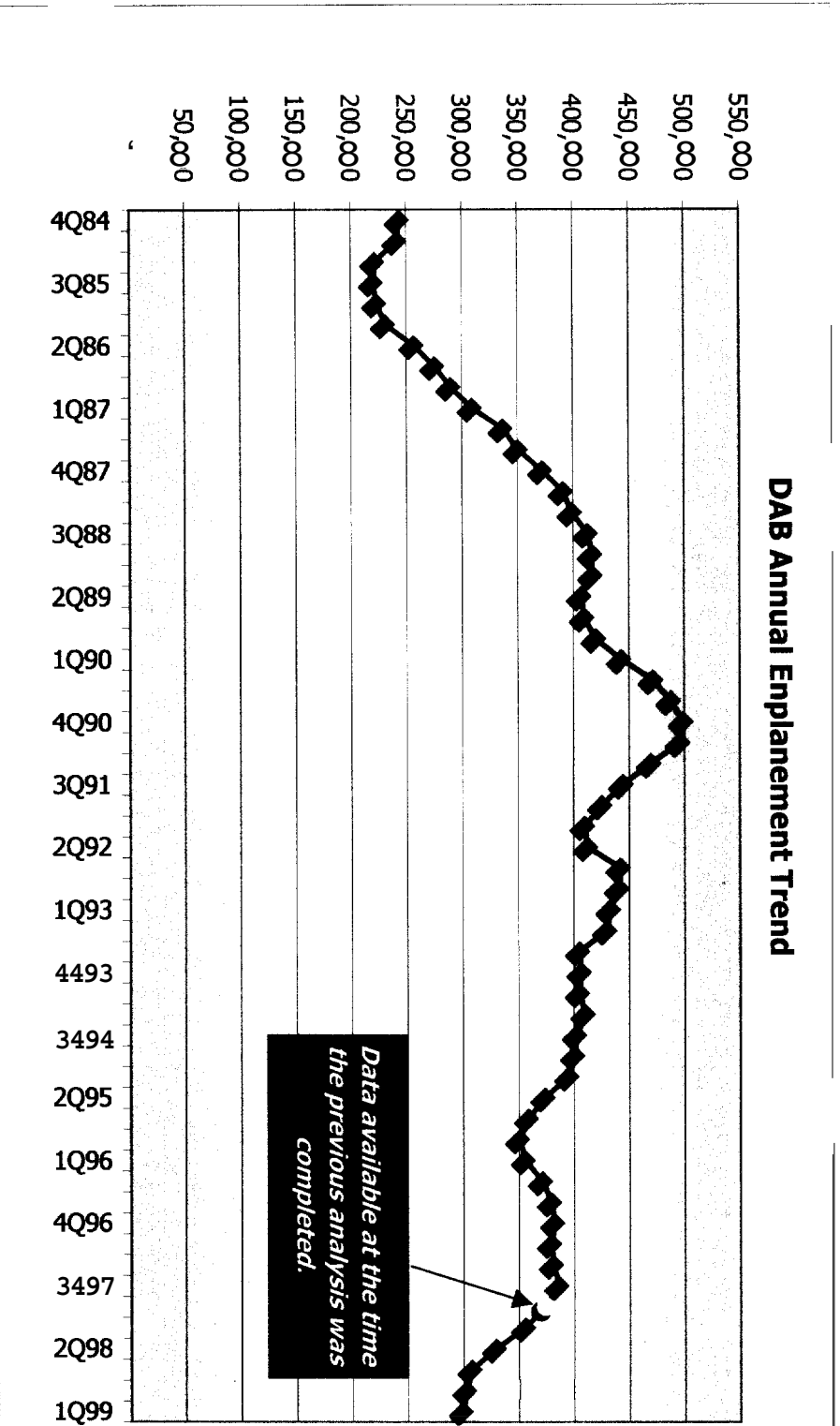
## *Overview and Methodology*

- Seven travel agencies in the Daytona Beach International Airport service area were contacted for participation in the ticket survey. Information from 1,995 locally issued, outbound tickets made up the database used for analysis.
- The tickets collected were those with the following criteria:
  - Issued in the month of October 1999
  - and*
  - Either the origin airport or the destination airport was DAB, MCO, or JAX
- Data was collected by the Daytona Beach International Airport staff and submitted to **KHG** for analysis.

**The travel agencies surveyed are all located within the geographic service area of the Daytona Beach International Airport**



***Enplanements are down about 20% since leakage was last studied***

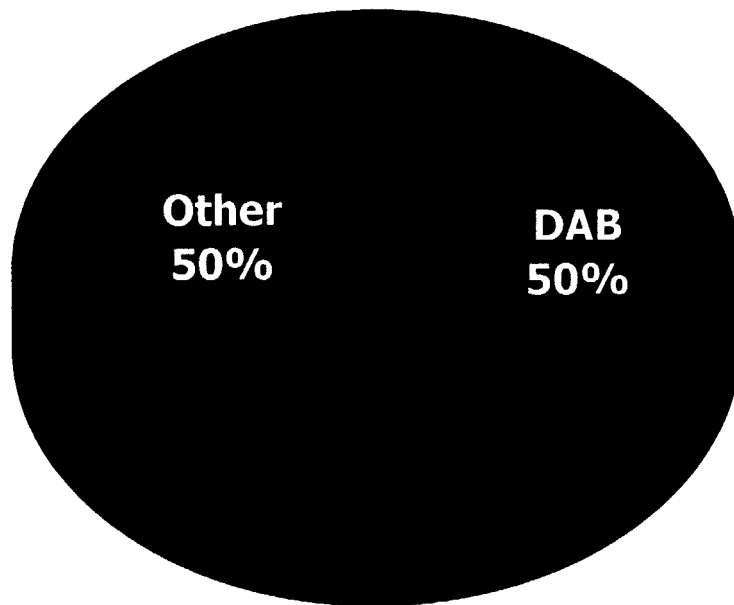


Source: D.O.T. Report T-100

***Leakage has increased in the Daytona Beach service area from 50% to 59% in 19 months***

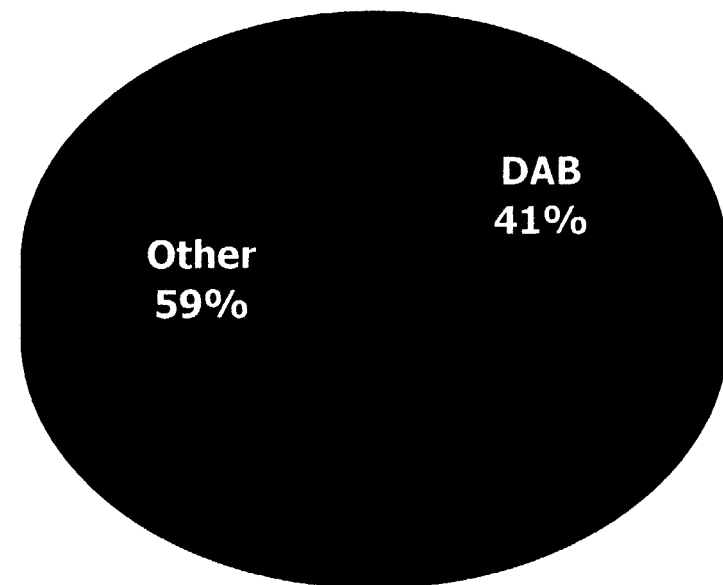
**DAB vs. Other Airports of Usage**

**1998 Tickets**



Source: **DAB TicketLift Survey** (March 1998 Tickets.)

**1999 Tickets**

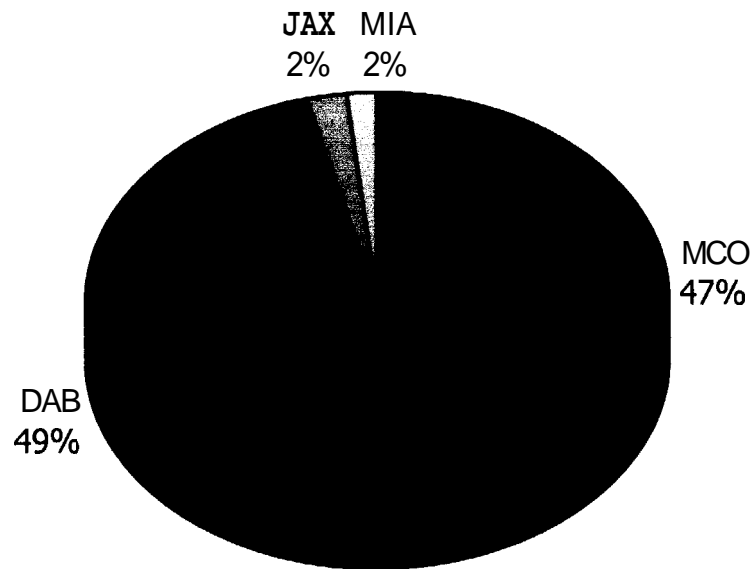


Source: **DAB Ticket Lift Survey** (October 1999 Tickets.)

***MCO is retaining about the same share of passengers that the previous study indicated, while JAX is the beneficiary of DAB's increased leakage***

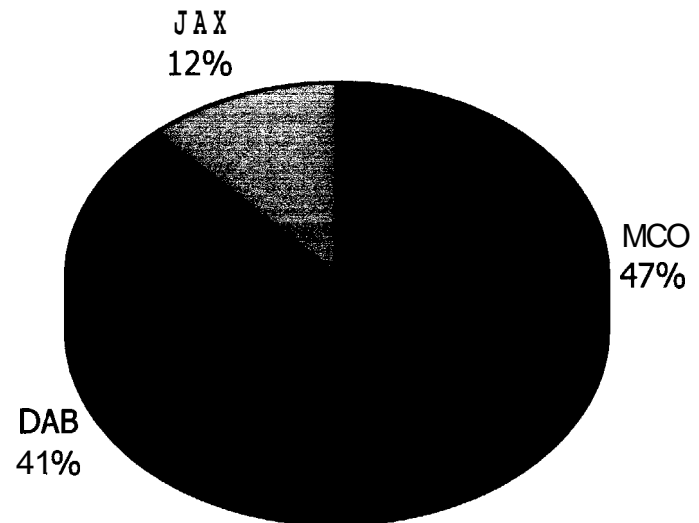
**Airports of Usage for Originating Traffic from the Daytona Beach area**

**1998 Tickets**



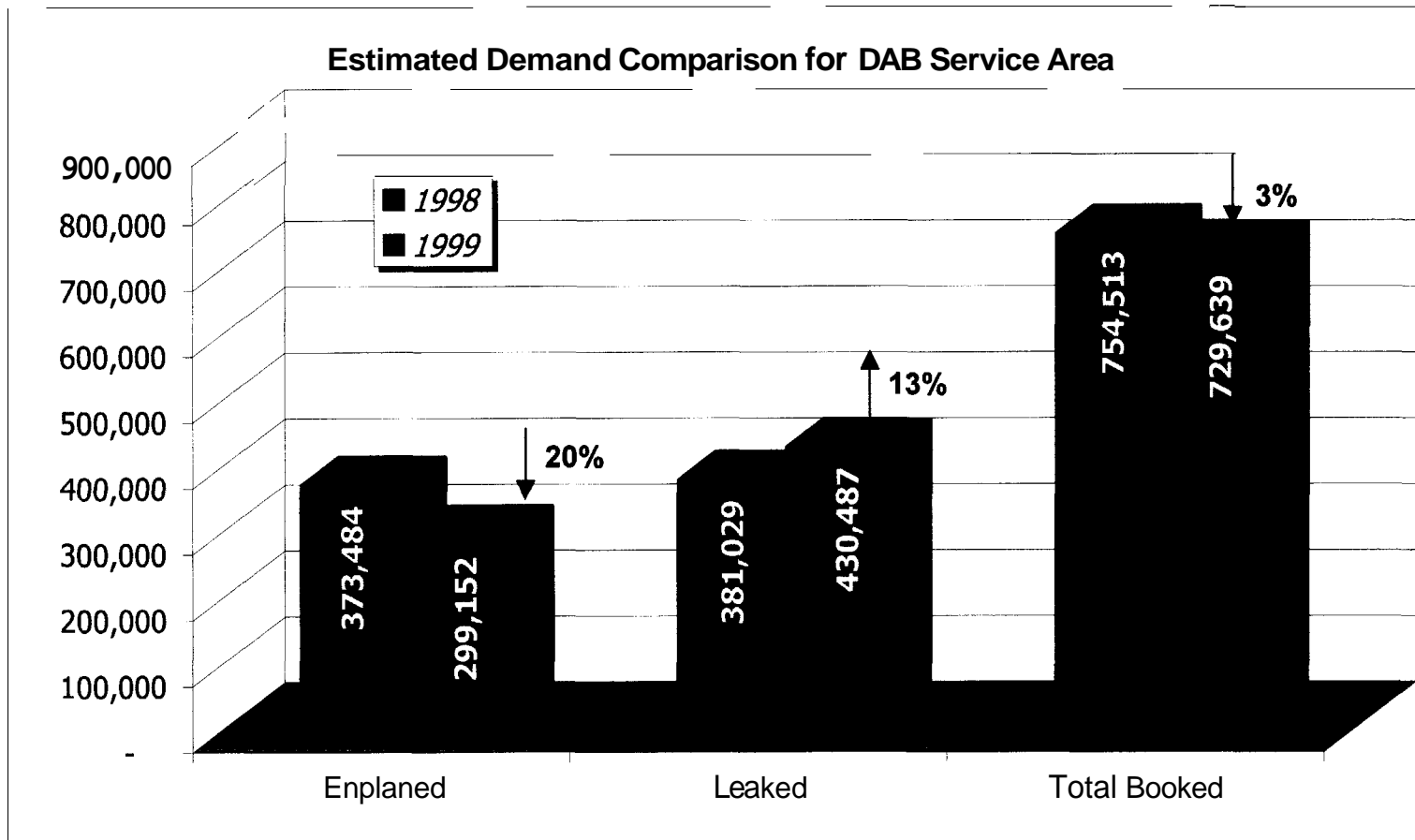
Source: DAB TicketLift Survey (March 1998 Tickets)

**1999 Tickets**



Source: DAB TicketLift Survey (October 1999 Tickets)

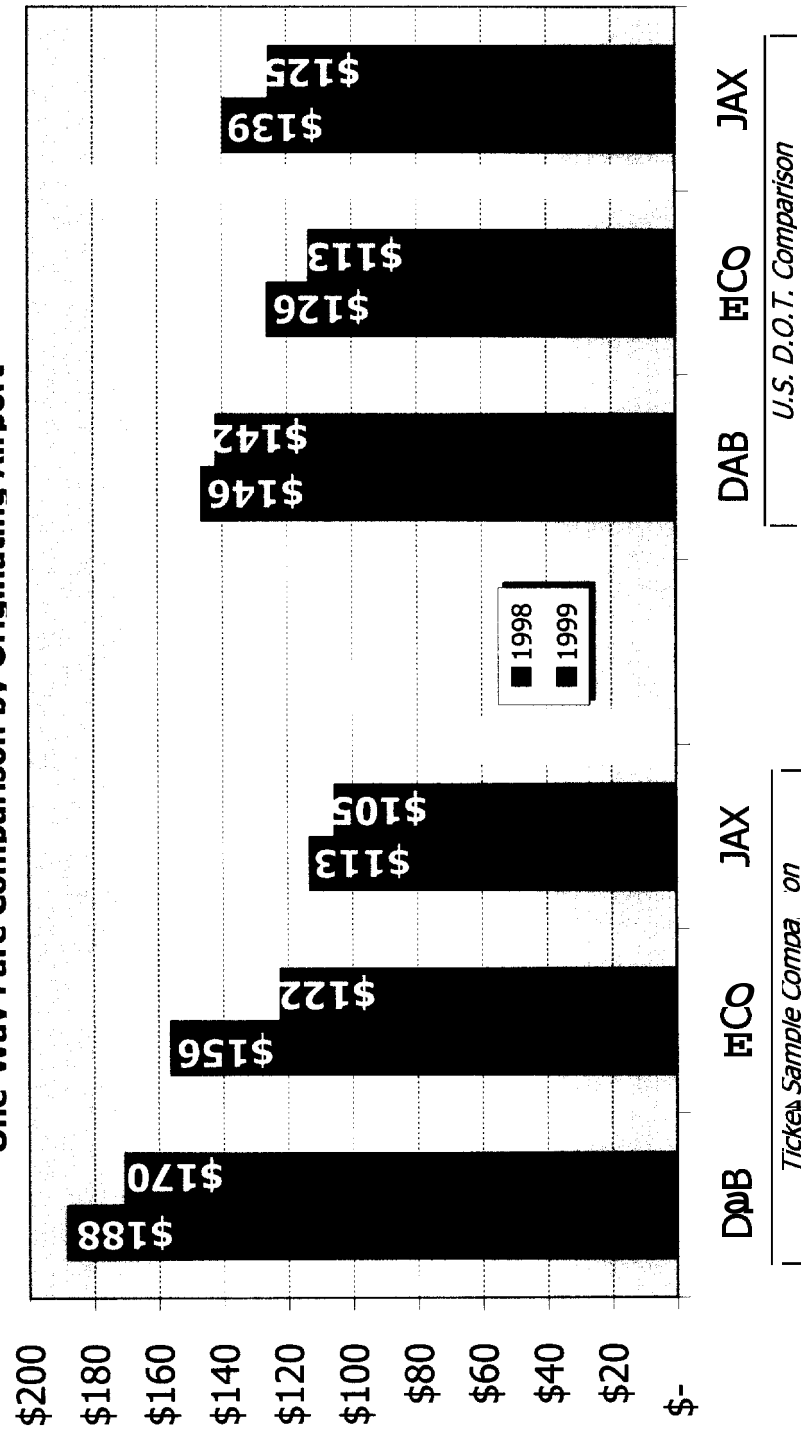
***The total demand decreased slightly from the previous analysis, this is due to the difference in sample periods (March is a slightly heavier booking month than October)***



Source: DAB Ticket Lit? Survey (1998 & 1999)

*The average fares derived from the ticket lift data are in relative agreement with those reflected in the D.O.T.'s 10% Ticket Survey, providing reasonable confidence in the ticket sample's validity*

**One-Way Fare Comparison by Originating Airport**



Source: DAB Ticket Lift Survey (1998 & 1999)

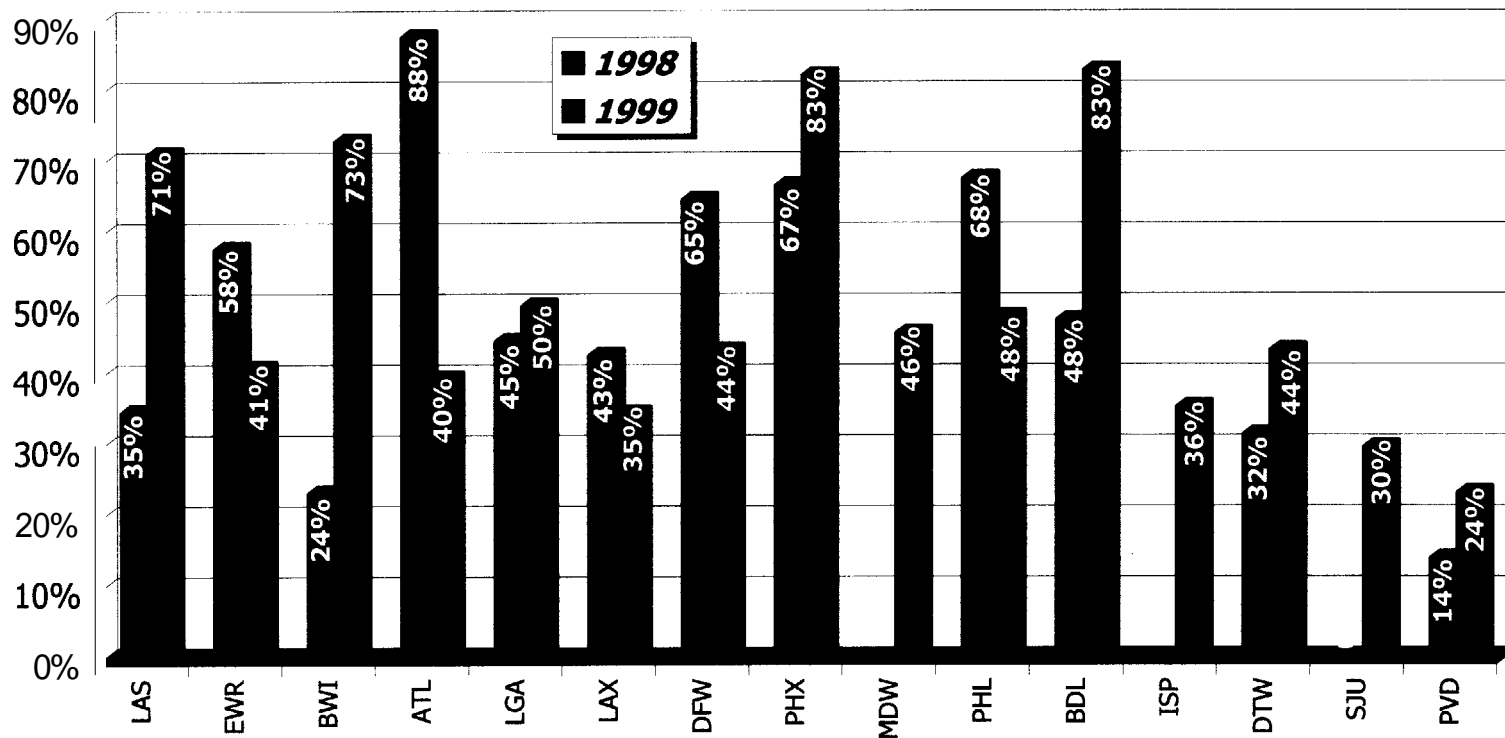
***The seasonal strength of March is reflected in the higher average fares than those observed in the October sample***

|            | <b>DAB</b>    |               |                | <b>MCO</b>    |               |                |
|------------|---------------|---------------|----------------|---------------|---------------|----------------|
|            | <u>Mar-98</u> | <u>Oct-99</u> | <u>% Diff.</u> | <u>Mar-98</u> | <u>Oct-99</u> | <u>% Diff.</u> |
| <b>ATL</b> | \$105         | \$125         | 19%            | \$75          | \$85          | 13%            |
| <b>LAS</b> | \$147         | \$99          | -33%           | \$146         | \$107         | -27%           |
| <b>DCA</b> | \$163         | \$137         | -16%           | \$142         | \$100         | -30%           |
| <b>ORD</b> | \$185         | \$226         | 22%            | \$143         | \$94          | -34%           |
| <b>BOS</b> | \$219         | \$132         | -40%           | \$105         | \$80          | -24%           |
| <b>PHX</b> | \$195         | \$238         | 22%            | \$179         | \$118         | -34%           |
| <b>EWR</b> | \$137         | \$99          | -28%           | \$128         | \$79          | -39%           |
| <b>LGA</b> | \$154         | \$145         | -6%            | \$107         | \$79          | -26%           |
| <b>PHL</b> | \$198         | \$195         | -2%            | \$142         | \$92          | -35%           |
| <b>ABQ</b> | \$148         | \$102         | -31%           | \$155         | \$156         | 1%             |
| <b>DEN</b> | \$273         | \$179         | -35%           | \$196         | \$131         | -33%           |
| <b>CVG</b> | \$278         | \$154         | -45%           | \$186         | \$116         | -37%           |
| <b>BDL</b> | \$151         | \$103         | -32%           | \$113         | \$85          | -24%           |
| <b>DFW</b> | \$136         | \$212         | 56%            | \$142         | \$168         | 18%            |
| <b>LAX</b> | \$187         | \$139         | -25%           | \$197         | \$147         | -25%           |
| <b>SEA</b> | \$211         | \$160         | -24%           | \$147         | \$126         | -15%           |

Source: DAB Ticket Lift Survey (1998 & 1999)

*Even though the overall leakage from the Daytona Beach area has increased, many of the top markets have seen marked increases in retention*

**DAB's Share of Tickets purchased in the DAB Service Area:  
Top 15 Booked Markets of October 1999**



Source: DAB TicketLift Survey (March 1998 Tickets and October 1999 Tickets)

***Even though fares have decreased at DAB, they remain even lower at MCO. Low fares combined with non-stop service create a magnet, capturing passengers from miles away***

| Rank | Dest. | Avg.<br>Fare | Airport of Usage for Daytona Beach-Issued Tickets |       |       |       |       |       |
|------|-------|--------------|---------------------------------------------------|-------|-------|-------|-------|-------|
|      |       |              | DAB                                               |       | MCO   |       | JAX   |       |
|      |       |              | Share                                             | Fare  | Share | Fare  | Share | Fare  |
| 1    | LAS   | \$207        | 41%                                               | \$198 | 54%   | \$215 | 5%    | \$199 |
| 2    | EWR   | \$186        | 71%                                               | \$197 | 27%   | \$157 | 1%    | \$204 |
| 3    | BWI   | \$155        | 40%                                               | \$176 | 30%   | \$161 | 30%   | \$123 |
| 4    | ATL   | \$219        | 73%                                               | \$249 | 15%   | \$170 | 11%   | \$91  |
| 5    | LGA   | \$206        | 35%                                               | \$291 | 55%   | \$159 | 11%   | \$167 |
| 6    | LAX   | \$332        | 24%                                               | \$279 | 67%   | \$294 | 10%   | \$720 |
| 7    | DFW   | \$347        | 44%                                               | \$423 | 35%   | \$336 | 21%   | \$205 |
| 8    | PHX   | \$357        | 50%                                               | \$475 | 48%   | \$235 | 2%    | \$298 |
| 9    | MDW   | \$234        | 36%                                               | \$306 | 60%   | \$201 | 5%    | \$102 |
| 10   | PHL   | \$248        | 30%                                               | \$389 | 43%   | \$183 | 28%   | \$193 |
| 11   | BDL   | \$184        | 46%                                               | \$206 | 33%   | \$171 | 21%   | \$156 |
| 12   | ISP   | \$173        | 8%                                                | \$190 | 89%   | \$172 | 3%    | \$163 |
| 13   | DTW   | \$189        | 19%                                               | \$235 | 59%   | \$180 | 22%   | \$173 |
| 14   | SJU   | \$234        | 6%                                                | \$596 | 94%   | \$212 | ---   | ---   |
| 15   | PVD   | \$198        | 29%                                               | \$211 | 38%   | \$172 | 32%   | \$216 |
| 16   | JFK   | \$174        | 9%                                                | \$226 | 91%   | \$169 | ---   | ---   |
| 17   | BOS   | \$211        | 48%                                               | \$264 | 27%   | \$160 | 24%   | \$164 |
| 18   | ORD   | \$295        | 44%                                               | \$452 | 16%   | \$188 | 41%   | \$168 |
| 19   | IAD   | \$169        | 23%                                               | \$238 | 70%   | \$150 | 7%    | \$117 |
| 20   | DEN   | \$243        | 25%                                               | \$357 | 29%   | \$262 | 46%   | \$170 |
| 21   | IND   | \$196        | 24%                                               | \$293 | 60%   | \$167 | 16%   | \$159 |
| 22   | PIT   | \$254        | 42%                                               | \$265 | 50%   | \$244 | 8%    | \$262 |
| 23   | BUF   | \$198        | 30%                                               | \$271 | 70%   | \$166 | ---   | ---   |
| 24   | DCA   | \$259        | 83%                                               | \$274 | 9%    | \$200 | 9%    | \$177 |
| 25   | CMH   | \$248        | 43%                                               | \$344 | 33%   | \$181 | 24%   | \$170 |

Source: DAB Ticket Lift Survey (October 1999 Tickets)

 Indicates Non-stop Service

***In the top 20 booked markets,  
nearly 600 passengers bypass DAB daily in each direction (D.E.W.)***

| <u>Rank</u> | <u>Market</u> | <u>DAB<br/>Retention<br/>Rate</u> | <u>O &amp; D Passengers D.E.W.</u> |                      |               |
|-------------|---------------|-----------------------------------|------------------------------------|----------------------|---------------|
|             |               |                                   | <u>DAB<br/>Booked</u>              | <u>DAB<br/>Usage</u> | <u>Leaked</u> |
| 1           | LAS           | 41%                               | 22.3                               | 9.2                  | 13.1          |
| 2           | EWR           | 71%                               | 115.8                              | 82.7                 | 33.1          |
| 3           | BWI           | 40%                               | 51.6                               | 20.5                 | 31.1          |
| 4           | ATL           | 73%                               | 82.7                               | 60.6                 | 22.1          |
| 5           | LGA           | 35%                               | 69.7                               | 24.3                 | 45.4          |
| 6           | LAX           | 24%                               | 48.9                               | 11.5                 | 37.4          |
| 7           | DFW           | 44%                               | 25.1                               | 11.0                 | 14.1          |
| 8           | PHX           | 50%                               | 14.0                               | 7.0                  | 7.0           |
| 9           | MDW           | 36%                               | 7.6                                | 2.7                  | 4.9           |
| 10          | PHL           | 30%                               | 54.3                               | 16.3                 | 38.0          |
| 11          | BDL           | 46%                               | 50.7                               | 23.4                 | 27.3          |
| 12          | ISP           | 8%                                | 12.3                               | 1.0                  | 11.3          |
| 13          | DTW           | 19%                               | 140.6                              | 26.6                 | 114.0         |
| 14          | STU           | 6%                                | 17.5                               | 1.0                  | 16.5          |
| 15          | PVD           | 29%                               | 33.3                               | 9.8                  | 23.5          |
| 16          | JFK           | 9%                                | 61.6                               | 5.6                  | 56.0          |
| 17          | BOS           | 48%                               | 55.7                               | 27.0                 | 28.7          |
| 18          | ORD           | 44%                               | 53.9                               | 23.6                 | 30.3          |
| 19          | IAD           | 23%                               | 21.4                               | 5.0                  | 16.4          |
| 20          | DEN           | 25%                               | 24.8                               | 6.2                  | 18.6          |
| 1           |               | 39%                               | 964.0                              | 375.0                | 589.0         |

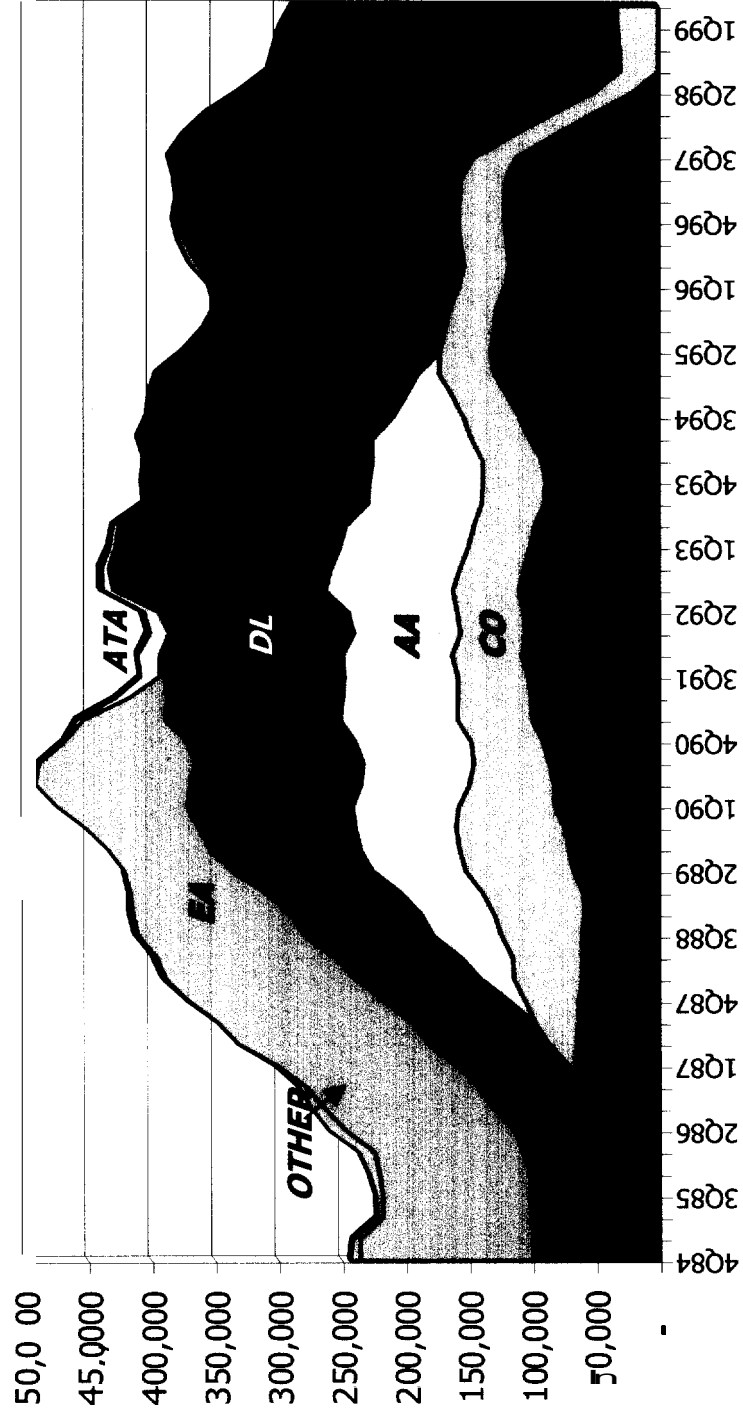
*Source: D.O.T. 10% Coupon Sample (YE3Q99) & DAB TicketLift Survey*

*DAB Usage taken from 10% Coupon Sample, Retention Rate & DAB Booked is derived from*

*October 1999 TicketLift Survey, DAB Leaked is the calculated difference between Booked & Usage*

***Delta Airlines has grown to be the dominant carrier at the Daytona Beach International Airport, maintaining over 50% of the market for over five years***

**DAB Annual Enplanements by Carrier**

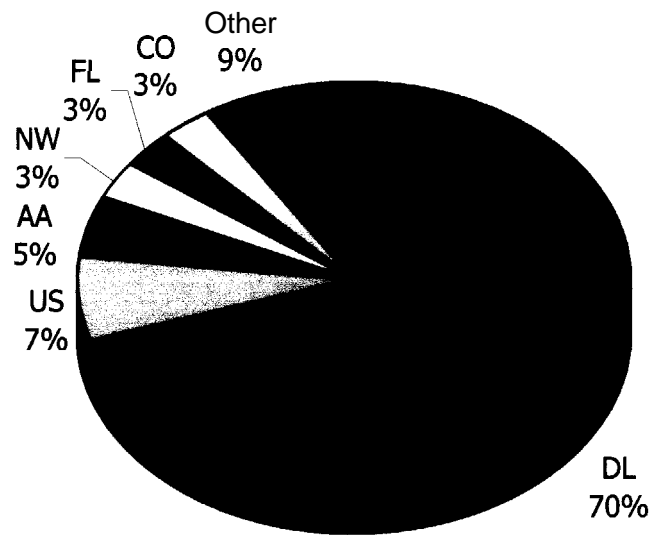


Source: D.O.T. Report T-100

***DL's share of area tickets is diminishing while CO's is growing...***

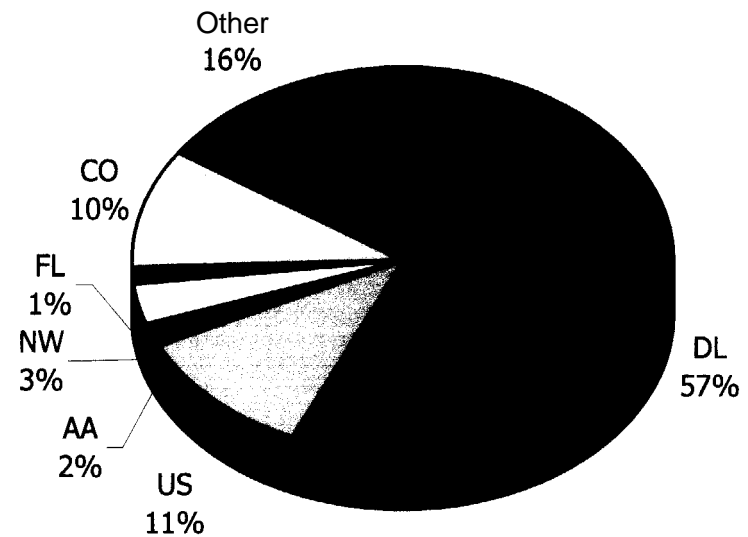
**Carrier Share: Of Outbound Tickets Sampled from the Daytona Beach Service Area**

**March 1998 Ticket Sample**



Source: DAB Ticket Lit? Survey (March 1998 Tickets)

**October 1999 Ticket Sample**

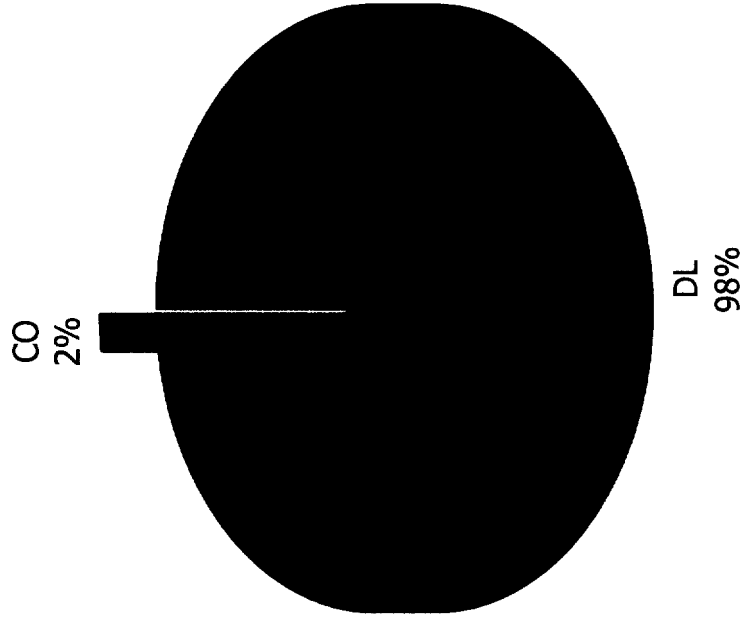


Source: DAB Ticket Lit? Survey (October 1999 Tickets)

**...especially at DAB where CO has increased its share of passengers significantly**

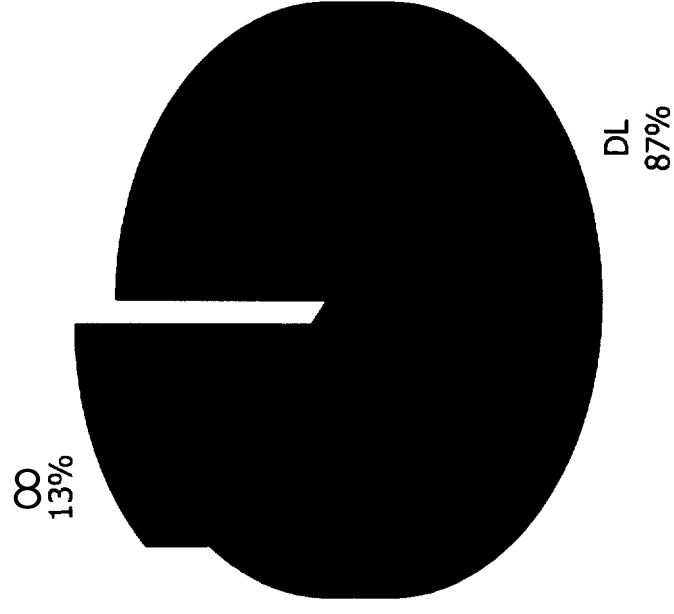
**DAB Usage by Carrier**

**March 1998 Ticket Sample**



Source: DAB Ticket Lift Survey (March 1998 Tickets)

**October 1999 Ticket Sample**

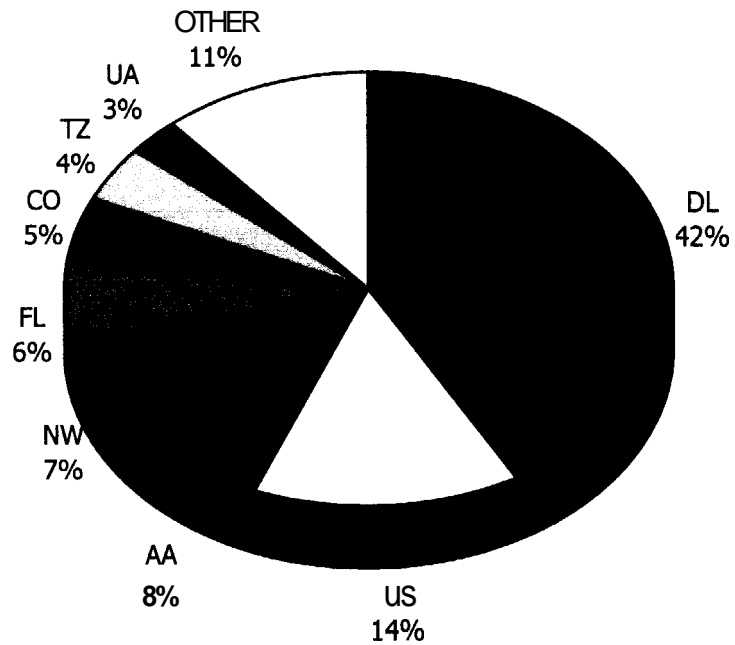


Source: DAB Ticket Lift Survey (October 1999 Tickets)

***DL continues to achieve the largest share of MCO traffic from the area***

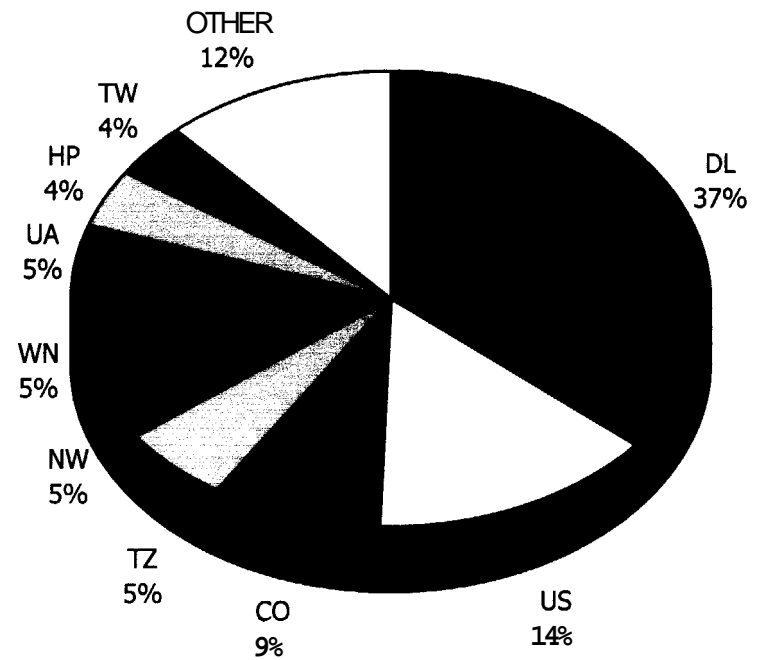
**MCO Usage by Carrier**

**March 1998 Ticket Sample**



Source: DAB Ticket Lit? Survey (March 1998 Tickets)

**October 1999 Ticket Sample**

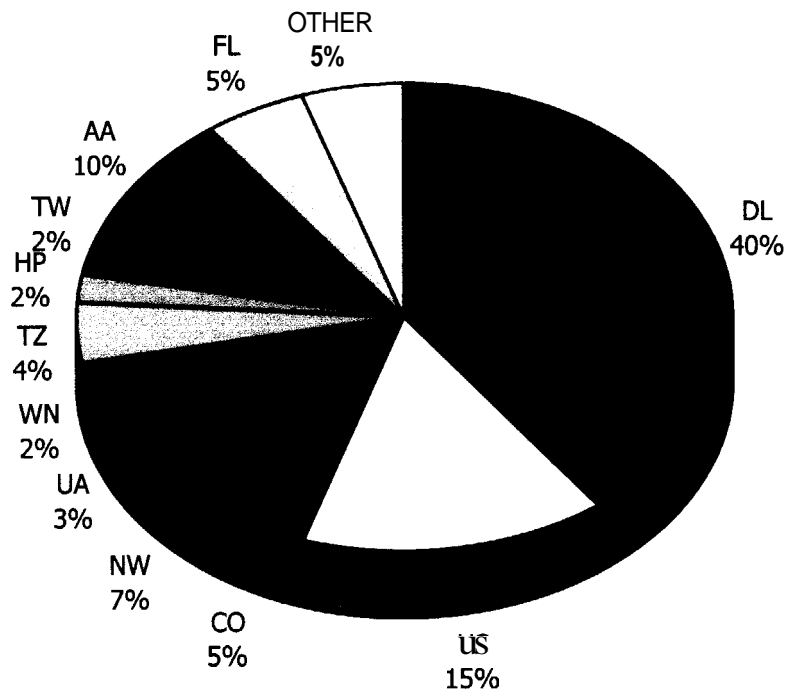


Source: DAB Ticket Lit? Survey (October 1999 Tickets)

***For the most part carriers' share of "leaked" traffic remains unchanged***

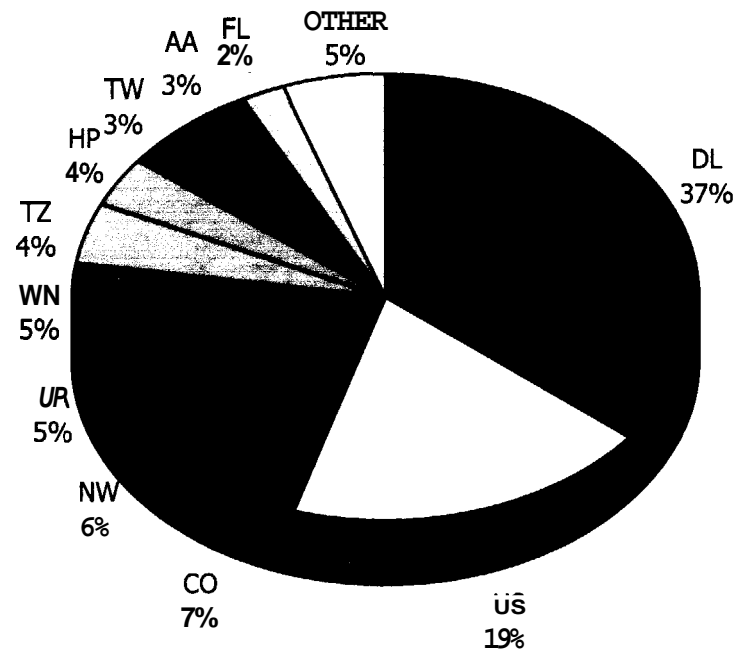
**Carrier Share of Daytona Beach Ticketed Traffic *not* Utilizing DAB**

**March 1998 Issued Tickets**



Source: **DAB** TicketLift Survey (March 1998 Tickets)

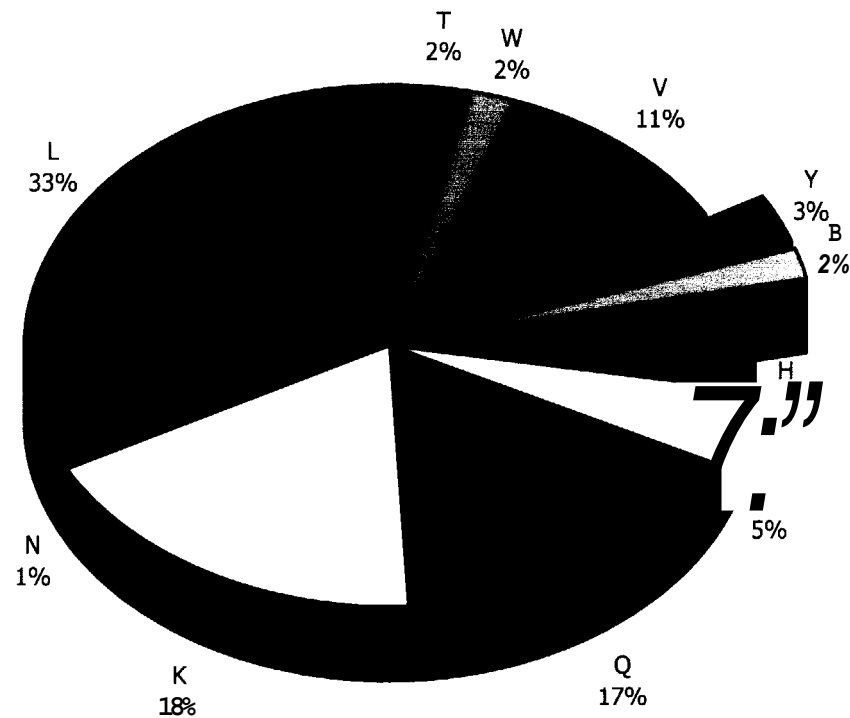
**October 1999 Issued Tickets**



Source: **DAB** Ticket Lift Survey (October 1999 Tickets)

***Tickets of the higher-fare classes (Y & B) make up a small portion of those sold from the area***

**Ticket Distribution by Fare Basis Code  
for the Daytona Beach Service Area**

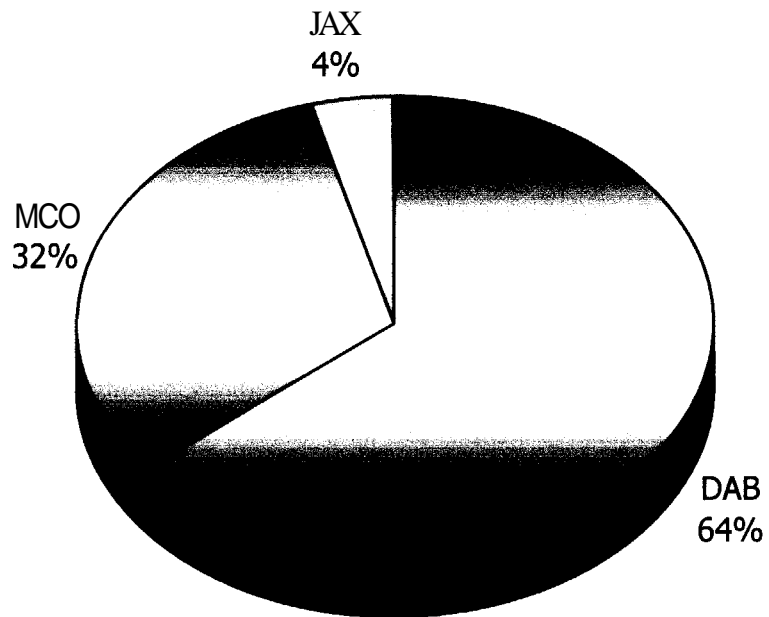


Source: DAB Ticket Lift Survey (October 1999 Tickets)

***A significant increase in the leakage of full-fare passengers is evident***

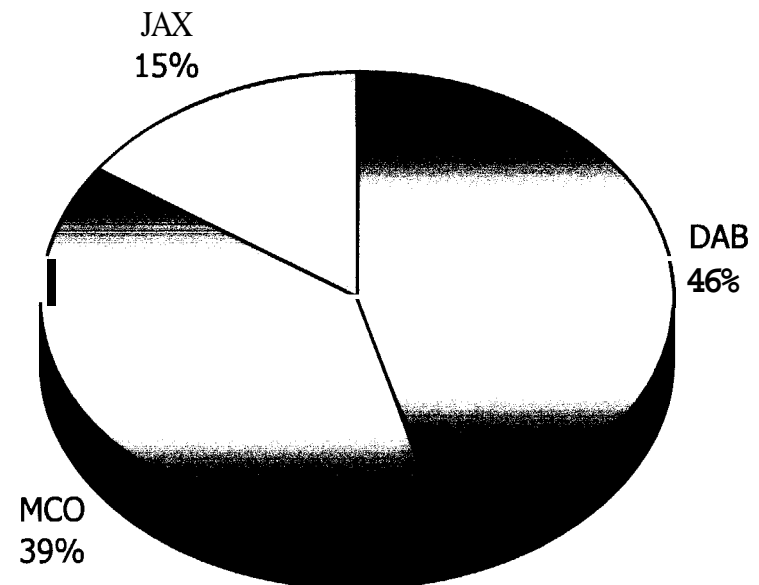
**Distribution of Y Fare-Class Tickets by Airport of Origin**

**March 1998 Issued Tickets**



Source: **DAB** TicketLift Survey (March 1998 Tickets)

**October 1999 Issued Tickets**

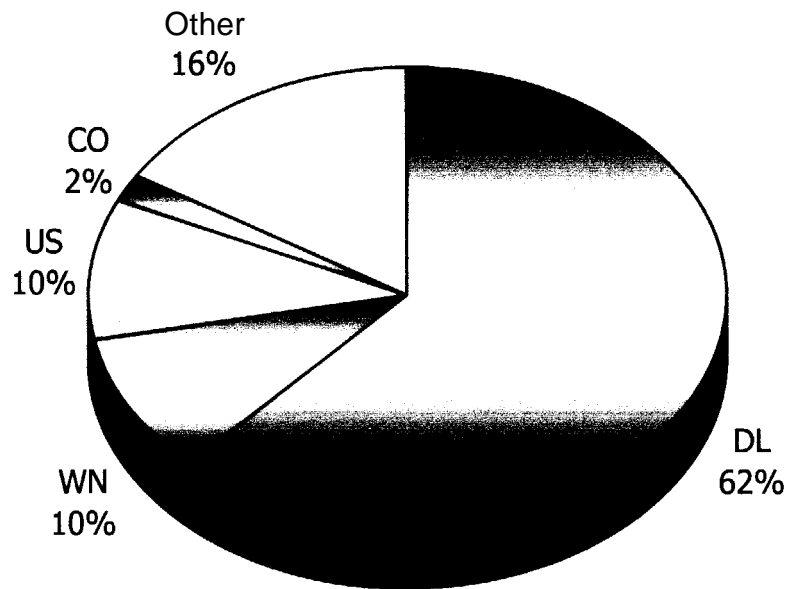


Source: **DAB** Ticket Lift Survey (October 1999 Tickets)

## ***Delta is losing full-fare passengers to Southwest Airlines and US Airways***

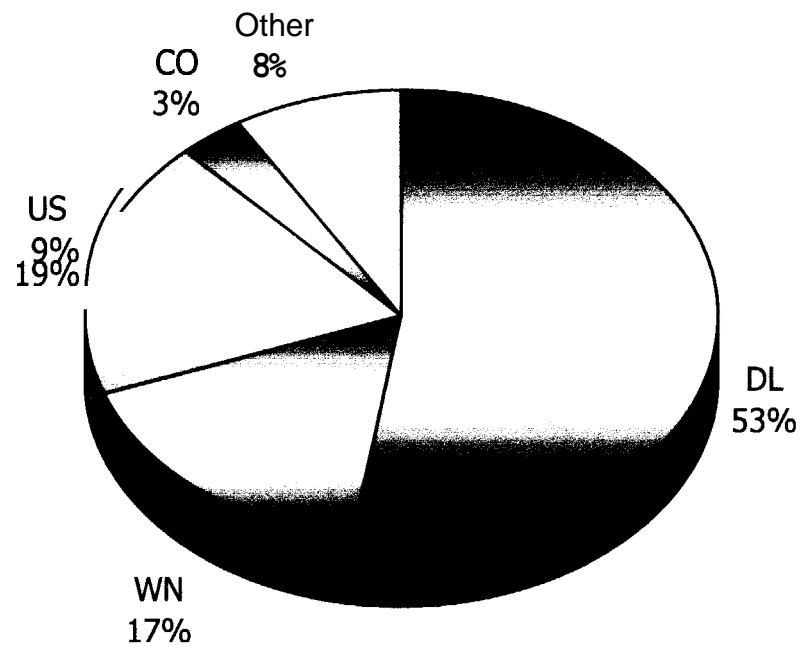
### **Distribution of Y Fare-Class Tickets by Carrier**

**March 1998 Issued Tickets**



Source: DAB Ticket Lift Survey (March 1998 Tickets)

**October 1999 Issued Tickets**



Source: DAB Ticket Lift Survey (October 1999 Tickets)

***An annual comparison of U.S. D.O.T. data indicates a consistent pattern of yield increases and more importantly, improved RASM at the Daytona Beach International Airport***

|                                                 | <b>YE3Q97</b> | <b>YE3Q98</b> | <b>YE3Q99</b> |
|-------------------------------------------------|---------------|---------------|---------------|
| AVERAGE ANNUAL FARE                             | \$119.39      | \$134.22      | \$142.94      |
| ONE-WAY O & D REVENUE                           | \$44,049,165  | \$39,174,290  | \$37,643,630  |
| SEGMENT REVENUES                                | \$19,108,904  | \$16,247,681  | \$16,187,508  |
| ONE-WAY O & D PASSENGERS                        | 368,965       | 291,870       | 263,355       |
| RPMs (REVENUE PASSENGER MILES)                  | 164,307,000   | 127,633,000   | 119,465,000   |
| ASMs (AVAILABLE SEAT MILES)                     | 215,530,000   | 167,534,000   | 152,137,000   |
| AIRCRAFT NON-STOP STAGELENGTH                   | 427           | 426           | 430           |
| O & D PASSENGER LENGTH OF HAUL                  | 1026          | 1054          | 1055          |
| YIELD (CENTS)                                   | 11.63         | 12.73         | 13.55         |
| LOAD FACTOR                                     | 76.2%         | 76.2%         | 78.5%         |
| RASM (REVENUE PER AVAILABLE SEAT MILE IN CENTS) | 8.87          | 9.70          | 10.64         |

## *Parting Remarks*

*Leakage at the Daytona Beach International Airport has increased since the previous study. Since such market erosion may eventually threaten the economic feasibility of current and future air service, this trend needs to be reversed. Even though enplanements have been falling, this is mostly the result of increased leakage rather than a decrease in overall market size. This means that some of those who previously used DAB, are now driving to alternate airports. This can be counteracted with aggressive marketing as well as an increase in capacity and competition at DBIA.*

*There is good news and bad news that comes out of this information. The good news, is that the market's performance has improved each year for three years, which is shown in increased yields and **RASM**. The bad news is that the low fares at Orlando continue to drive leakage. These low fares combined with an abundance of non-stop markets make Orlando an attractive air service option for miles around. From a carrier standpoint, there are many passengers that would utilize the local airport if additional service was implemented. If half of the "leaked" passengers (roughly 400,000 annual enplanements) were to utilize the local airport there would be an additional 275 passengers departing the Daytona Beach International Airport every day. A carrier introducing new service to this market has a lot to gain by redirecting passengers to the Daytona Beach International Airport.*

**Attachment F**  
**Volusia County Migration Study – 2002**

# **Five Year Review Volusia County, Florida Migration Statistics**

**Published by  
County of Volusia  
Economic Development Department**

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Daytona Beach, FL 32114  
Telephone: 386/248-8048  
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**Table 2: In-Migration Trends of Volusia County, by State**

| <b>Number of People Moving to Volusia County, Florida: 1995-1999</b> |             |             |             |             |             |                              |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|------------------------------|
| <b>Origin:<br/>USA States</b>                                        | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>Average<br/>1995-1999</b> |
| Alabama                                                              | 57          | 25          | 26          | 40          | 24          | 34                           |
| Alaska                                                               | 48          | 0           | 0           | 25          | 20          | 19                           |
| Arizona                                                              | 55          | 70          | 78          | 78          | 119         | 80                           |
| Arkansas                                                             | 41          | 26          | 0           | 0           | 0           | 13                           |
| California                                                           | 293         | 283         | 207         | 235         | 306         | 265                          |
| Colorado                                                             | 34          | 78          | 101         | 57          | 67          | 67                           |
| Connecticut                                                          | 436         | 473         | 419         | 406         | 320         | 411                          |
| Delaware                                                             | 66          | 39          | 25          | 0           | 59          | 38                           |
| District of Columbia                                                 | 0           | 21          | 21          | 37          | 0           | 16                           |
| Florida                                                              | 9,001       | 9,496       | 9,759       | 10,603      | 10,770      | 9,926                        |
| Georgia                                                              | 422         | 448         | 367         | 487         | 449         | 435                          |
| Hawaii                                                               | 32          | 49          | 29          | 59          | 56          | 45                           |
| Idaho                                                                | 0           | 0           | 0           | 0           | 0           | 0                            |
| Illinois                                                             | 254         | 257         | 261         | 205         | 283         | 252                          |
| Indiana                                                              | 48          | 62          | 110         | 83          | 122         | 85                           |
| Iowa                                                                 | 19          | 0           | 0           | 0           | 0           | 4                            |
| Kansas                                                               | 0           | 0           | 0           | 24          | 19          | 9                            |
| Kentucky                                                             | 67          | 94          | 66          | 63          | 72          | 72                           |
| Louisiana                                                            | 0           | 0           | 0           | 0           | 45          | 9                            |
| Maine                                                                | 58          | 57          | 43          | 76          | 49          | 57                           |
| Maryland                                                             | 288         | 288         | 316         | 284         | 294         | 294                          |
| Massachusetts                                                        | 433         | 470         | 501         | 499         | 473         | 475                          |
| Michigan                                                             | 183         | 264         | 285         | 210         | 279         | 244                          |
| Minnesota                                                            | 0           | 24          | 22          | 29          | 30          | 21                           |
| Mississippi                                                          | 21          | 0           | 19          | 12          | 0           | 10                           |
| Missouri                                                             | 60          | 54          | 71          | 35          | 57          | 55                           |
| Montana                                                              | 0           | 0           | 0           | 0           | 0           | 0                            |
| Nebraska                                                             | 21          | 0           | 0           | 0           | 0           | 4                            |
| Nevada                                                               | 0           | 38          | 0           | 44          | 71          | 31                           |
| New Hampshire                                                        | 130         | 119         | 102         | 153         | 148         | 130                          |
| New Jersey                                                           | 723         | 749         | 606         | 644         | 579         | 660                          |
| New Mexico                                                           | 20          | 0           | 0           | 0           | 26          | 9                            |
| New York                                                             | 1,579       | 1,664       | 1,508       | 1,386       | 1,309       | 1,489                        |
| North Carolina                                                       | 253         | 321         | 287         | 287         | 317         | 293                          |
| North Dakota                                                         | 0           | 0           | 0           | 0           | 0           | 0                            |
| Ohio                                                                 | 286         | 398         | 457         | 447         | 400         | 398                          |
| Oklahoma                                                             | 0           | 57          | 0           | 29          | 25          | 22                           |
| Oregon                                                               | 0           | 0           | 0           | 0           | 17          | 3                            |
| Pennsylvania                                                         | 501         | 458         | 591         | 346         | 524         | 484                          |
| Rhode Island                                                         | 45          | 77          | 73          | 37          | 58          | 58                           |
| South Carolina                                                       | 179         | 96          | 134         | 132         | 121         | 132                          |
| South Dakota                                                         | 0           | 0           | 0           | 0           | 0           | 0                            |
| Tennessee                                                            | 132         | 190         | 155         | 142         | 110         | 146                          |
| Texas                                                                | 167         | 191         | 149         | 216         | 226         | 190                          |

**Table 2: In-Migration Trends of Volusia County, by State**

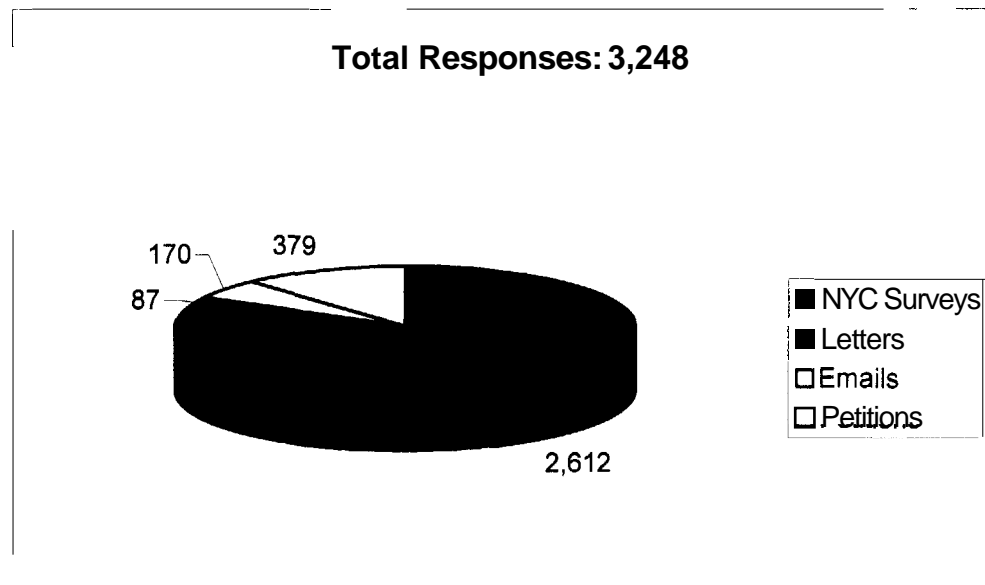
| <b>Number of People Moving to Volusia County, Florida: 1995-1999</b> |             |             |             |             |             |                              |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|------------------------------|
| <b>Origin:<br/>USA States</b>                                        | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>Average<br/>1995-1999</b> |
| Utah                                                                 | 19          | 0           | 0           | 0           | 0           | 4                            |
| Vermont                                                              | 17          | 26          | 17          | 16          | 40          | 23                           |
| Virginia                                                             | 187         | 227         | 283         | 219         | 206         | 224                          |
| Washington                                                           | 24          | 21          | 35          | 49          | 76          | 41                           |
| West Virginia                                                        | 26          | 36          | 35          | 63          | 37          | 39                           |
| Wisconsin                                                            | 17          | 32          | 14          | 36          | 27          | 25                           |
| Wyoming                                                              | 0           | 0           | 0           | 0           | 0           | 0                            |

Source: U.S. internal Revenue Service, Unpublished Data, January 2002.

**Attachment G**  
**New York Service Survey 2001**

## New York Service - Consumer Survey Results

- Daytona Beach International Airport conducted a letter writing campaign in December 2000 requesting community residents who would benefit from and support expanded air service to the NYC area to write a letter. The results of the letter writing campaign showed strong demand for additional NYC air service.



- Total segment information included 22,075 segments to the NYC market each year by those consumers who responded to the letter writing campaign. Ten percent of the segments included regular business travel.

**Attachment H**  
**Historic Daytona Beach (DAB)**  
**New York (EWR) Passenger Traffic**

**CONTINENTAL AIRLINES**  
**HISTORIC NEW YORK (EWR) PASSENGER TRAFFIC**  
**DAYTONA BEACH INTERNATIONAL AIRPORT (DAB)**

| MONTH         | 1999<br>PAX   | LOAD<br>FACTOR | 2000<br>PAX   | LOAD<br>FACTOR | 2001<br>PAX   | LOAD<br>FACTOR |
|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
| January       | 5,238         | 84%            | 5,553         | 77%            | 5,365         | 63%            |
| February      | 5,294         | 91%            | 5,744         | 77%            | 6,095         | 71%            |
| March         | 7,342         | 94%            | 7,763         | 89%            | 7,129         | 82%            |
| April         | 5,800         | 86%            | 5,847         | 93%            | 7,377         | 88%            |
| <b>May</b>    | 5,371         | <b>84%</b>     | 6,346         | 86%            | 6,853         | 84%            |
| June          | 5,273         | <b>84%</b>     | 5,865         | 92%            | 6,397         | 83%            |
| July          | 6,116         | 91%            | 6,529         | 95%            | 7,314         | 95%            |
| August        | 6,267         | 91%            | 6,684         | 93%            | 6,930         | 92%            |
| September     | 3,937         | 66%            | 4,879         | 77%            | 2,114         | 77%            |
| October       | 5,461         | 83%            | 6,134         | 82%            |               |                |
| November      | 5,633         | 90%            | 6,650         | 82%            |               |                |
| December      | 5,979         | 84%            | 5,961         | 72%            |               |                |
| <b>Totals</b> | <b>67,711</b> | <b>86%</b>     | <b>73,955</b> | <b>84%</b>     | <b>55,574</b> | <b>82%</b>     |

Source: Monthly Airline Manager Reports 99-01

Attachment I  
Continental Letter of Commitment  
&  
RASM Performance: September 2001 – January 2002

# Continental Airlines



April 16, 2002

The Honorable **Norman** Y. Mineta  
**Secretary**  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, DC 20590

**Dear Secretary Mineta:**

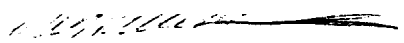
This letter is to confirm that Continental Airlines supports ~~the~~ enclosed Application submitted by Volusia **County** and the Air Service Development Working Group to reestablish daily scheduled air service between **Daytona Beach** and Continental's Newark hub under the Small Community Air service Development Pilot Program.

The proposed new service would utilize Continental's new EMB-145 extended range regional **jet** that is now scheduled to come into service in late 2002. Prior to September 11, Continental had provided the **airport's only** non-stop **jet** service to New York Newark (EWR), but **was** forced to **radically** reduce operations nationwide **as** a result of the severe industry downturn. We feel confident ~~that~~ use of the new regional **jet with twice daily** frequency **will** prove more responsive to the needs of the **Daytona Beach market** than our previous service, which relied on single plane **daily** service using **a** larger aircraft.

The company continues to experience **year** over **year** declines per the attached RASM summary chart although the gap is **narrowing**. The proposed revenue guarantee subsidization outlined in the Application provides Continental an effective and reasonable **means** to now reenter the **Daytona Beach market** at the beginning of 2003. The Pilot Program will also provide a means for Continental to extend its **Airport Use Agreement with** **Daytona Beach** past the current expiration date of **October 18, 2002**. This would not otherwise be possible under current economic circumstances.

We at Continental **look** forward to your early and **favorable** consideration of the enclosed Application.

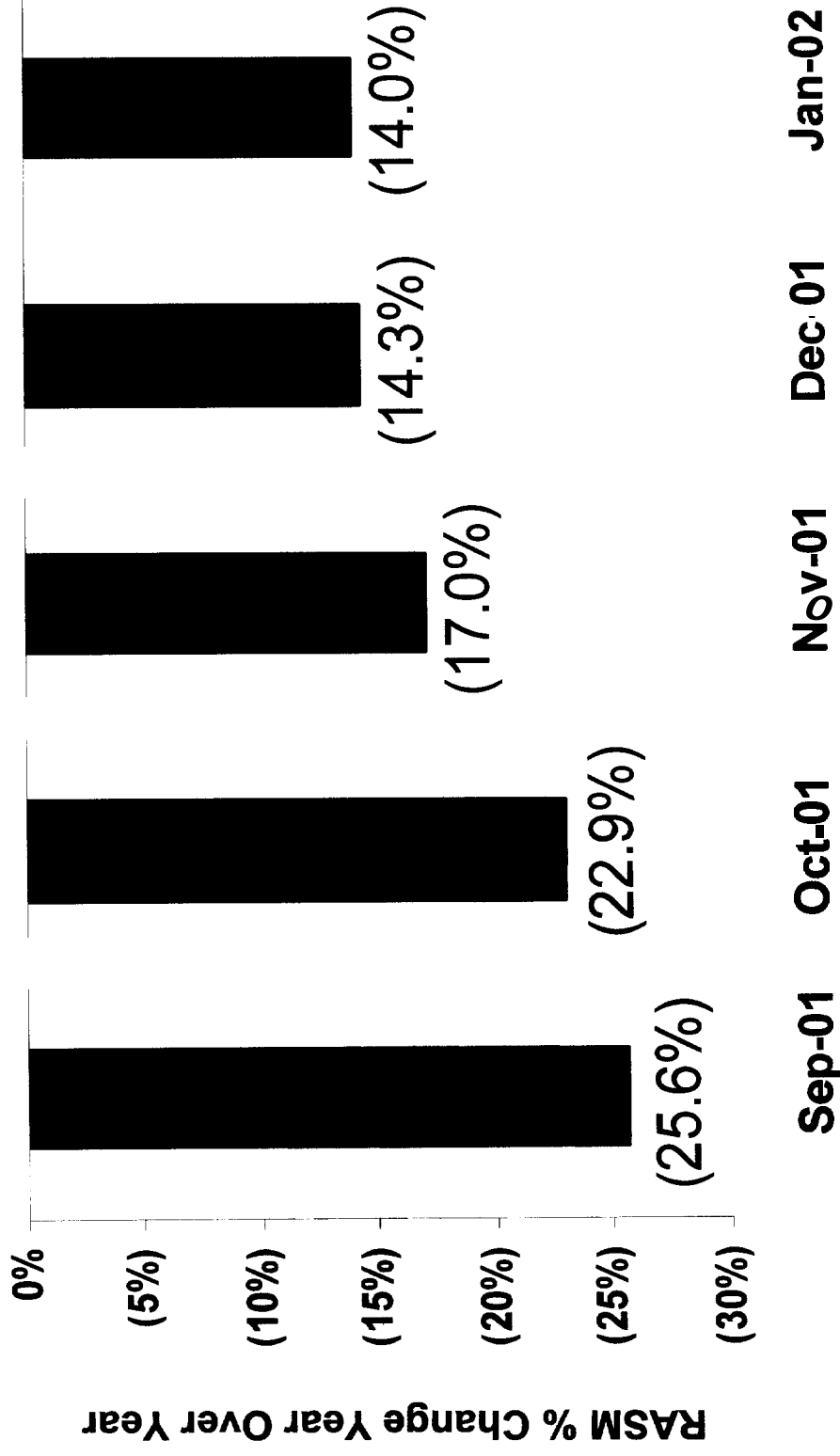
Sincerely,

  
Glen Hauenstein  
Senior Vice President-Planning/Scheduling  
Continental Airlines

CC:  
**Read** C. Van de Water  
Assistant **Secretary**  
For Aviation and International Affairs. DOT

## CO RASM

→ While Continental continues to see an upward trend in its Revenue per Available Seat Mile (RASM), significant year over year declines continue



Note: February 2002 year over year decline is estimated to be 10.12%

Attachment 3  
Total EWR Connections Available  
with Proposed Twice Daily Service

## Continental Airlines

### EWR DAB

114 Connecting Cities

|     |                   |    |     |                   |    |     |                   |    |
|-----|-------------------|----|-----|-------------------|----|-----|-------------------|----|
| ACA | Acapulco          |    | GCM | Grand Cayman      |    | PHX | Phoenix           | AZ |
| ACK | Nantucket         | MA | GIG | Rio De Janeiro    |    | PIT | Pittsburgh        | PA |
| ALB | Albany            | NY | GLA | Glasgow           |    | POP | Puerto Plata      |    |
| AMS | Amsterdam         |    | GRU | Sao Paulo         |    | PTY | Panama City       |    |
| ANC | Anchorage         | AK | GSO | Greensboro        | NC | PVD | Providence        | RI |
| ANU | Antigua           |    | GUA | Guatemala         |    | PVR | Puerto Vallarta   |    |
| AUA | Aruba             |    | HDN | Hayden            | CO | PWM | Portland          | ME |
| AUS | Austin            | TX | HKG | Hong Kong         |    | RDU | Raleigh/Durham    | NC |
| AVL | Asheville         | NC | HNL | Honolulu          | HI | RIC | Richmond          | VA |
| BDA | Hamilton          |    | IAD | Washington        | DC | ROC | Rochester         | NY |
| BDL | Hartford          | CT | IAH | Houston           | TX | SAL | San Salvador      |    |
| BHX | Birmingham        |    | IND | Indianapolis      | IN | SAN | San Diego         | CA |
| BNA | Nashville         | TN | LAS | Las Vegas         | NV | SAP | San Pedro Sula    |    |
| BOG | Bogota            |    | LAX | Los Angeles       | CA | SAT | San Antonio       | TX |
| BOS | Boston            | MA | LGW | London            |    | SDF | Louisville        | KY |
| BQN | Aguadilla         | PR | LHR | London            |    | SDQ | Santo Domingo     |    |
| BRU | Brussels          |    | UM  | Lima              |    | SEA | Seattle           | WA |
| BTV | Burlington        | VT | US  | Lisbon            |    | SFO | San Francisco     | CA |
| BUF | Buffalo           | NY | MAD | Madrid            |    | SJC | San Jose          | CA |
| BWI | Baltimore         | Dc | MAN | Manchester        |    | SJD | San Jose Del Cabo |    |
| CCS | Caracas           |    | MCI | Kansas City       | MO | SJO | San Jose          |    |
| CDG | Paris             |    | MDW | Chicago           | IL | SJU | San Juan          | PR |
| CLE | Cleveland         | OH | MEM | Memphis           | TN | SLC | Salt Lake City    | UT |
| CLT | Charlotte         | NC | MEX | Mexico City       |    | SNA | Orange County     | CA |
| CMH | Columbus          | OH | MHT | Manchester        | NH | SNN | Shannon           |    |
| CUN | Can Cun           |    | MKE | Milwaukee         | WI | STL | St Louis          | MO |
| CVG | Cincinnati        | OH | MSP | Minneapolis       | MN | STT | St Thomas         |    |
| CZM | Cozumel           |    | MSY | New Orleans       | LA | SXM | St Maarten        |    |
| DAY | Dayton            | OH | MTJ | Montrose          | CO | SYR | Syracuse          | NY |
| DCA | Washington        | Dc | MW  | Martha'S Vineyard | MA | TLV | Tel Aviv          |    |
| DEN | Denver            | CO | MXP | Milan             |    | TYS | Knoxville         | TN |
| DFW | Dallas/Fort Worth | TX | NAS | Nassau            |    | YHZ | Halifax           | NS |
| DTW | Detroit           | MI | NRT | Tokyo             |    | YOW | Ottawa            | ON |
| DUB | Dublin            |    | OAK | Oakland           | CA | YQB | Quebec            | PQ |
| DUS | Dusseldorf        |    | ORD | Chicago           | IL | YUL | Montreal          | PQ |
| EGE | Eagle             | CO | ORF | Norfolk           | VA | YVR | Vancouver         | BC |
| FCO | Rome              |    | PDX | Portland          | OR | YYZ | Toronto           | ON |
| FRA | Frankfurt         |    | PHL | Philadelphia      | PA | ZRH | Zurich            |    |

Attachment K

**DAB-CO Marketing Partnership Program**

1

2

3

4

5

6



**Continental  
Airlines** 

## **DAB-CO Marketing Partnership Program**

### **I. OVERVIEW**

The following media plan is proposed to ensure the success of new, nonstop air service on Continental Airlines between Daytona Beach International Airport and Newark International Airport. The plan includes advertising scheduled to begin in October, 2002 and continuing through January, **2003** as initial pre-service and post-service promotion. Upon approval of the Small Community Air Service Development Pilot Program Application, the Daytona Beach International Airport and the Air Service Development Working Group in partnership with Continental Airlines will modify and finalize the media plan to support Continental Airlines' current marketing strategy. The proposed and established budget approved by the Air Service Development Working Group Partners is \$165,000. It is proposed through this application that the DOT will provide up front funding in the amount of \$100,000 with \$65,000 to be contributed by members of the Air Service Development Working Group as outlined in Figure 25 of this proposal. These funds represent marketing dollars that will be fully expended on the Marketing Partnership Program. Additional selected promotions including news media, radio and direct mail will be provided after January **2003** based on program performance as a part of the airport's overall marketing efforts to assist all airlines at Daytona Beach International Airport.

### **II. MEDIA OBJECTIVES**

- To demonstrate support by the Daytona Beach Convention and Visitors Bureau, the Southeast Volusia Advertising Authority and the West Volusia Advertising Authority of the new Continental Airlines nonstop air service between Daytona Beach International Airport and New York / Newark (EWR).
- To establish awareness of the new nonstop air service among potential purchasers of the airline tickets and past users of the DAB-EWR service, and as a result generate increased sales. Media focus would include:
  - Previous passengers of CO-EWR service
  - Family Leisure Travelers (Adults 40+ With children/grandchildren of all ages)
  - Business Travelers
- To purchase media that effectively and efficiently reaches the targeted geographic areas on both ends of the route, thus promoting in higher ticket sales. Media areas include:
  - Daytona Beach air service region
  - New York City and surrounding areas
- To utilize value-added promotional support to extend the value of media dollars and increase impact ("share of voice") during campaigns. Value added promotional support would include:

- Certified Vacations, Inc. (A Continental Airlines Wholesale Vacation Packager)
  - North Jersey Regional Chamber of Commerce
- To place media in advance of service commencement to take advantage of the current soft media market, thereby using the current market environment to increase buying power and maximize return on investment.

## 111. MEDIA STRATEGIES

Timing. This program is designed to provide a strong launch for the new Continental Airlines service between Daytona Beach and New York / Newark. The Marketing Program will begin in October 2002 to advise consumers of the subsequent commencement in service. The initial phase of the program extends through January 2003 to help rapidly build passenger load factor and establish the service **as** a staple of both the Central Florida market and the New York metropolitan market. After January 2003, additional selected promotions will be launched in response to the program performance **as** part of the airport's overall marketing program.

Media Selection. Advertising placement is based on **an** integrated delivery of the advertising message among three categories of media. Media include cooperative media initiatives, radio and newspaper. The rationale for these media selections is **as** follows:

### Newsprint / Daytona Beach area

Local newspapers target an educated, loyal audience. Insertions will maximize the message, which will be promoted locally through media releases and other news-generating events. Ads will be positioned in specific sections of selected newspapers including travel, metro and local news sections. Local newsprint media will include the Daytona Beach News-Journal, and zoned editions of the Orlando Sentinel that reach the north side of the greater Orlando market.

### Cooperative Media Initiatives / New York City area

Through cooperative marketing efforts with the North Jersey Regional Chamber of Commerce, Certified Vacations, Inc., and the Port Authority of New York and New Jersey, the Daytona Beach International Airport and the Air Service Development Working Group will participate **as** co-sponsors of existing marketing programs. By working with these organizations, the Daytona Beach International Airport will be able to specifically target the intended market through use of the various organizations' existing database resources and market expertise.

### Newsprint / New York City area

In the New York City market, the marketing program will rely upon the New York Times and the Newark Star Ledger to support out-of-home media. Additionally, the effort will be reinforced by advertising in Crain's New York Business, the leading business publication in the greater New York market. While this publication is dedicated to business news, it is considered an effective vehicle to promote family travel **as** well **as** business travel.

#### IV. MEDIA SCHEDULE / CENTRAL FLORIDA

##### **Newsprint Advertising / Daytona Beach & North Orlando**

###### Daytona Beach News-Journal

Saturday circulation, 105,350; Sunday circulation 124,536

###### Orlando Sentinel Seminole County

Zoned edition and Lake County zoned edition

Seminole County Sunday circulation, **78,200**; Lake County Sunday circulation 41,600

###### Palm Coast Community Times

Flagler County Community Newspaper

Weekly publication

##### **Additional Promotional Venues**

- Newsletter advertisement or inserts in seven area Chambers of Commerce newsletters, reaching a market of 10,000 area businesses.
  - Daytona Beach-Halifax Area Chamber of Commerce
  - Port Orange-South Daytona Chamber of Commerce
  - Southeast Volusia Chamber of Commerce
  - Greater West Volusia Chamber of Commerce
  - DeLand Chamber of Commerce
  - Flagler-Palm Coast Chamber of Commerce
  - Deltona Chamber of Commerce
- DBIA web site promotion on the flydaytonafirst web site
- Volusia County Media Press Release
- Broadcast fax to the Department of Economic Development business database
- Broadcast fax to East Central Florida region travel agents
- Broadcast email to the Volusia Manufacturer's Association membership
- Broadcast fax to the Hotel-Motel Association membership
- Newsletter article in the DBIA quarterly newsletter, *Update*
- Radio advertisement on local Volusia County radio stations
- Service Commencement ribbon cutting ceremony
- Magazine advertisement in the *Success In Seminole* publication
- Direct Mail and Discount Promotion
  - As a part of the direct mail efforts the Daytona Beach International Airport will solicit participation in a direct mail from area attractions and businesses. The direct mail will be in the form of a consumer discount card redeemable for discounts at area businesses and attractions. This direct mail initiative will be targeted to the Newark/New York travel market.

#### V. MEDIA SCHEDULE / NEW YORK CITY AREA

##### **Cooperative Media Initiatives / New York City area**

###### Certified Vacations, Inc.

Participation in product launch promotions to include Travel Agent Receptions and Direct Mail to Continental Customers.

###### North Jersey Regional Chamber of Commerce

Membership with the Chamber of Commerce, promotional participation through advertisement in Chamber publications, direct mail, and state and national chamber membership.

New York/New Jersey Port Authority

Cooperative advertising initiatives through the New York/New Jersey Port Authority.

**Newsprint Advertising / New York City**

New Jersey Star Ledger

Sunday Circulation: 608,028

New York Times

Sunday Circulation: 1,694,138

Crain's New York Business

Weekly circulation, 63,000 (readership, 221,130)

**VII. ADDITIONAL IN-KIND MARKETING SUPPORT**

The following Volusia County Organizations **are** committed to providing or doing the below listed tasks in support of the Marketing Partnership Program without direct cost to the marketing program.

**Daytona Beach Area Convention & Visitors Bureau**  
**Southeast Volusia (Tourism) Advertising Authority**  
**West Volusia Tourism Advertising Authority**  
**Volusia County Department of Economic Development**  
**The Volusia County Chamber Alliance**

**Golf Daytona Beach**  
**Volusia County Government**  
**Volusia Manufacturer's Association**

In-kind Support Includes:

**Locally originated direct mail.** The three convention and visitors bureaus in Volusia County maintain databases of individuals **from** the New York City area who have responded to advertising to inquire about the destination. These databases will be used for direct mail initiatives to promote the new Continental flights.

**E-newsletter.** A locally produced email newsletter will be created and sent via email to data bases including individuals from the New York City area who have expressed an interest in the area.

**Website features.** Each **of** the above-referenced organizations will produce a feature to appear on its website. This feature will appear on all websites until such time that load factors are sustained at 93%.

**Volusia Today.** The new Continental flights will be featured on selected segments of a weekly radio show, Volusia Today, carried live each week on WNDB and WNDA radio. The show is a weekly compilation of news and **has** a loyal following of individuals interested in programs supported by Volusia County Government.

**Volusia Magazine.** This is the television program produced by Volusia County Government. It features guests speaking on a variety of subjects of interest to the residents of Volusia County. Guests from Continental Airlines, Daytona Beach International Airport or Newark International Airport will be invited to appear on the program to promote the new service.

**Coop advertising participation.** Several of the organizations shown above ~~run~~ advertising in various markets including family travelers, special event enthusiasts, golfers, meeting and convention planners and seniors. Ads will be tagged with a promotional plug for the new Continental Airlines service for the duration of the program.

## **VIII. CONTINENTAL AIRLINES PARTICIPATION**

Continental Airlines provides a full launch of internal Marketing Promotions upon the start of new service. Detailed below are the components of the internal program, which are designed to reach the current Continental passenger market, as well as potential passengers through business and industry contacts. The cost efficient program is designed to create rapid awareness of the new service and will be a key partnership element of the overall marketing partnership program.

### **Corporate Communications**

Press release  
Daily News Update  
continental magazine  
Airport Banners  
Reservations On-Hold Messages

### **Sales/Field Sales**

Account Opportunity Reports  
Corporate Identification  
Agency Blitz  
Event/Reception/Fam  
Inaugural  
Leisure Opportunities

### **Electronic Marketing**

Home Page Headlines  
OnePass Promo - on line  
Banner Ads  
Outbound e-mail messaging  
E-Ticket Receipt Messaging

### **Price/Revenue Management Introductory/Special Fare**

Published Fares  
Interline Agreements

### **Planning/Scheduling**

Open For Sale Notification  
Connections Built/loaded  
Route map updated

### **Operations/In-Flight**

Monthly operational update

### **Sales Communications**

Central Reservation System (CRS) bulletin  
Fax Alert  
Continental Globe/Altitudes  
Weekly Sales Briefing

### **OnePass/Loyalty Marketing**

Mileage Offer  
Update (Dec, Feb, Apr)  
FastFacts (Jan, Mar, May)

### **Specialty/Tactical Sales**

Phone blitz  
RewardOne opportunities  
Group/meeting FaxAlert

### **FAM Trips**

Continental will sponsor initial no-cost familiarization flights to acquaint business and travel professionals with the new service just prior to 2002 Holiday season.

### **Reservations/CTO/ATO**

Sign-on message  
General Bulletin  
DRS Page

### **Alliances**

Partner Notification  
Code share opportunities  
Route map update

Attachment L  
Daytona Beach Visitor Study – 2001  
Mid-Florida Marketing and Research

**DAYTONA BEACH VISITORS BY POINTS OF ORIGIN  
JANUARY - DECEMBER 2000**

| STATE         | TOTALS    | JAN     | FEB     | MAR     | APR     | MAY     | JUN     | JUL     | AUG     | SEP     | OCT     | NOV     | DEC     |
|---------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| FL            | 3,011,000 | 179,000 | 189,000 | 221,000 | 251,000 | 316,000 | 306,000 | 297,000 | 251,000 | 305,000 | 253,000 | 259,000 | 184,000 |
| GA            | 694,000   | 34,600  | 43,200  | 68,000  | 68,500  | 63,400  | 91,000  | 121,000 | 68,000  | 36,000  | 35,000  | 53,000  | 12,300  |
| OH            | 346,900   | 41,500  | 34,500  | 34,000  | 38,000  | 21,100  | 33,200  | 46,500  | 20,400  | 30,000  | 17,700  | 17,700  | 12,300  |
| NY            | 325,300   | 41,500  | 51,800  | 42,600  | 53,300  | 28,200  | 8,300   | 18,600  | 27,200  | 12,000  | 17,700  | 11,800  | 12,300  |
| TN            | 276,700   | 13,800  | 25,900  | 25,500  | 22,800  | 21,100  | 33,200  | 46,500  | 20,400  | 18,000  | 17,700  | 23,600  | 8,200   |
| NC            | 251,800   | 20,800  | 34,500  | 25,500  | 22,800  | 7,000   | 33,200  | 27,900  | 20,400  | 12,000  | 17,700  | 17,700  | 12,300  |
| PA            | 248,800   | 34,600  | 43,200  | 17,000  | 15,200  | 21,100  | 24,900  | 18,600  | 20,400  | 12,000  | 11,800  | 17,700  | 12,300  |
| MI            | 216,500   | 27,700  | 34,500  | 25,500  | 30,400  | 14,100  | 8,300   | 18,600  | 13,600  | 12,000  | 11,800  | 11,800  | 8,200   |
| IN            | 214,300   | 20,800  | 25,900  | 34,000  | 15,200  | 14,100  | 24,900  | 27,900  | 13,600  | 12,000  | 11,800  | 5,900   | 8,200   |
| IL            | 213,500   | 20,800  | 34,500  | 17,000  | 22,800  | 14,100  | 24,900  | 27,900  | 13,600  | 12,000  | 11,800  | 5,900   | 8,200   |
| VA            | 200,200   | 27,700  | 25,900  | 17,000  | 15,200  | 14,100  | 16,600  | 18,600  | 27,200  | 12,000  | 5,900   | 11,800  | 8,200   |
| KY            | 195,900   | 13,800  | 17,300  | 8,500   | 15,200  | 14,100  | 33,200  | 46,500  | 13,600  | 6,000   | 17,700  | 5,900   | 4,100   |
| NJ            | 179,600   | 13,800  | 25,900  | 17,000  | 15,200  | 14,100  | 8,300   | 9,300   | 20,400  | 12,000  | 17,700  | 17,700  | 8,200   |
| SC            | 172,700   | 13,800  | 17,300  | 25,500  | 7,600   | 14,100  | 16,600  | 18,600  | 13,600  | 12,000  | 17,700  | 11,800  | 4,100   |
| TX            | 148,200   | 13,800  | 8,600   | 17,000  | 7,600   | 7,000   | 24,900  | 27,900  | 13,600  | 6,000   | 11,800  | 5,900   | 4,100   |
| MA            | 124,000   | 13,800  | 25,900  | 17,000  | 15,200  | 7,000   | 3,000   | 9,300   | 6,800   | 6,000   | 5,900   | 5,900   | 8,200   |
| MD            | 121,400   | 6,900   | 17,300  | 17,000  | 7,600   | 7,000   | 8,300   | 18,600  | 6,800   | 6,000   | 5,900   | 11,800  | 8,200   |
| CT            | 103,200   | 6,900   | 17,300  | 17,000  | 7,600   | 7,000   | 8,300   | 3,600   | 13,600  | 6,000   | 5,900   | 5,900   | 4,100   |
| <b>TOTALS</b> | 7,044,000 | 545,600 | 672,500 | 646,100 | 631,200 | 604,600 | 707,100 | 802,900 | 584,200 | 527,000 | 494,500 | 500,800 | 327,500 |
| <b>OTHERS</b> | 1,038,000 | 84,100  | 121,500 | 145,400 | 94,800  | 64,200  | 113,400 | 109,600 | 62,800  | 54,000  | 71,500  | 59,700  | 57,000  |
| <b>TOTAL</b>  | 8,082,000 | 629,700 | 794,000 | 791,500 | 726,000 | 668,800 | 820,500 | 912,500 | 647,000 | 581,000 | 566,000 | 560,500 | 384,500 |

\*Numbers reflect rounding to the nearest percentage.

**Mid-Florida Marketing & Research, Inc.**  
**400 South Atlantic Avenue**  
**Ormond Beach, FL 32176**

**DAYTONA BEACH VISITORS BY POINTS OF ORIGIN  
JANUARY - DECEMBER 1999**

| STATE         | TOTALS           | JAN            | FEB            | MAR            | APR            | MAY            | JUN            | JUL            | AUG            | SEP            | OCT            | NOV            | DEC            |
|---------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| FL            | 2,557,500        | 194,600        | 172,500        | 218,700        | 202,700        | 273,000        | 275,600        | 272,900        | 219,000        | 194,600        | 215,800        | 195,700        | 122,400        |
| GA            | 719,000          | 43,300         | 49,300         | 40,500         | 55,900         | 46,600         | 99,500         | 127,300        | 83,700         | 54,900         | 48,000         | 48,900         | 21,100         |
| OH            | 443,700          | 43,300         | 41,300         | 40,500         | 41,900         | 33,300         | 38,300         | 45,500         | 45,100         | 25,000         | 36,000         | 32,600         | 21,100         |
| NY            | 358,200          | 28,800         | 49,300         | 56,700         | 55,900         | 26,600         | 15,300         | 18,200         | 25,800         | 10,000         | 30,000         | 16,300         | 25,300         |
| TN            | 304,100          | 14,400         | 16,400         | 24,300         | 21,000         | 26,600         | 45,900         | 54,600         | 38,600         | 25,000         | 18,000         | 10,900         | 8,400          |
| IN            | 289,800          | 14,400         | 24,500         | 32,400         | 35,000         | 20,000         | 30,600         | 36,400         | 25,800         | 20,000         | 12,000         | 21,700         | 16,900         |
| NC            | 284,500          | 36,000         | 41,100         | 32,400         | 21,000         | 13,300         | 30,600         | 27,300         | 6,400          | 15,000         | 24,000         | 16,300         | 21,100         |
| KY            | 271,200          | 21,600         | 24,500         | 24,300         | 21,000         | 20,000         | 45,900         | 54,600         | 12,900         | 15,000         | 12,000         | 10,900         | 8,400          |
| PA            | 254,700          | 28,800         | 49,300         | 32,400         | 21,000         | 20,000         | 15,300         | 27,300         | 12,900         | 5,000          | 18,000         | 16,300         | 8,400          |
| IL            | 216,900          | 28,800         | 32,900         | 16,200         | 21,000         | 13,300         | 23,000         | 18,200         | 12,900         | 15,000         | 12,000         | 10,900         | 12,700         |
| MI            | 204,800          | 21,600         | 32,900         | 24,300         | 41,900         | 20,000         | 15,300         | 9,100          | 6,400          | 5,000          | 6,000          | 5,400          | 16,900         |
| SC            | 187,900          | 14,400         | 16,400         | 24,300         | 14,000         | 13,300         | 15,300         | 27,300         | 12,900         | 15,000         | 6,000          | 16,300         | 12,700         |
| VA            | 180,500          | 21,600         | 24,600         | 16,200         | 14,000         | 6,700          | 15,300         | 18,200         | 12,900         | 10,000         | 12,000         | 16,300         | 12,700         |
| NJ            | 148,200          | 7,200          | 24,600         | 16,200         | 7,000          | 6,700          | 7,700          | 18,200         | 12,900         | 5,000          | 18,000         | 16,300         | 8,400          |
| MA            | 136,900          | 14,400         | 24,600         | 16,200         | 14,000         | 13,300         | 7,700          | 4,000          | 6,400          | 5,000          | 12,000         | 10,900         | 8,400          |
| <b>TOTALS</b> | <b>6,557,900</b> | <b>533,200</b> | <b>624,200</b> | <b>615,600</b> | <b>587,300</b> | <b>552,700</b> | <b>681,300</b> | <b>759,100</b> | <b>534,600</b> | <b>419,500</b> | <b>479,800</b> | <b>445,700</b> | <b>324,900</b> |
| <b>OTHERS</b> | <b>1,114,100</b> | <b>130,100</b> | <b>139,600</b> | <b>145,800</b> | <b>83,700</b>  | <b>79,300</b>  | <b>68,800</b>  | <b>123,200</b> | <b>83,600</b>  | <b>54,500</b>  | <b>77,600</b>  | <b>59,800</b>  | <b>67,600</b>  |
| <b>TOTAL</b>  | <b>7,672,000</b> | <b>663,300</b> | <b>763,800</b> | <b>761,400</b> | <b>671,000</b> | <b>632,000</b> | <b>750,100</b> | <b>882,300</b> | <b>618,200</b> | <b>474,000</b> | <b>557,400</b> | <b>505,500</b> | <b>392,500</b> |

\*Numbers reflect rounding to the nearest percentage.

**Mid-Florida Marketing & Research, Inc.**  
**400 South Atlantic Avenue**  
**Ormond Beach, FL 32176**

Attachment M  
Airport Operating Budgets  
FY 1999-2000,2000-2001 and 2001-2002

ADOPTED BUDGET  
FY 2001-02

DWIGHT D. LEWIS, CHAIR, DISTRICT 1

AN " MCFALL, VICE-CHAIR, DISTRICT 5

JIM WARD, DISTRICT 2

FRANK BRUNO, JR., DISTRICT 3

JOSEPH C. JAYNES, DISTRICT 4

BIG JOHN, AT LARGE

PATRICIA NORTHEY, AT LARGE

CYNTHIA A. COTO, COUNTY MANAGER

CHARLENE WEAVER, CPA  
Chief Financial Officer

DOUGLAS M. KRUEGER  
Management and Budget Director

<http://www.volusia.org>

# Airport

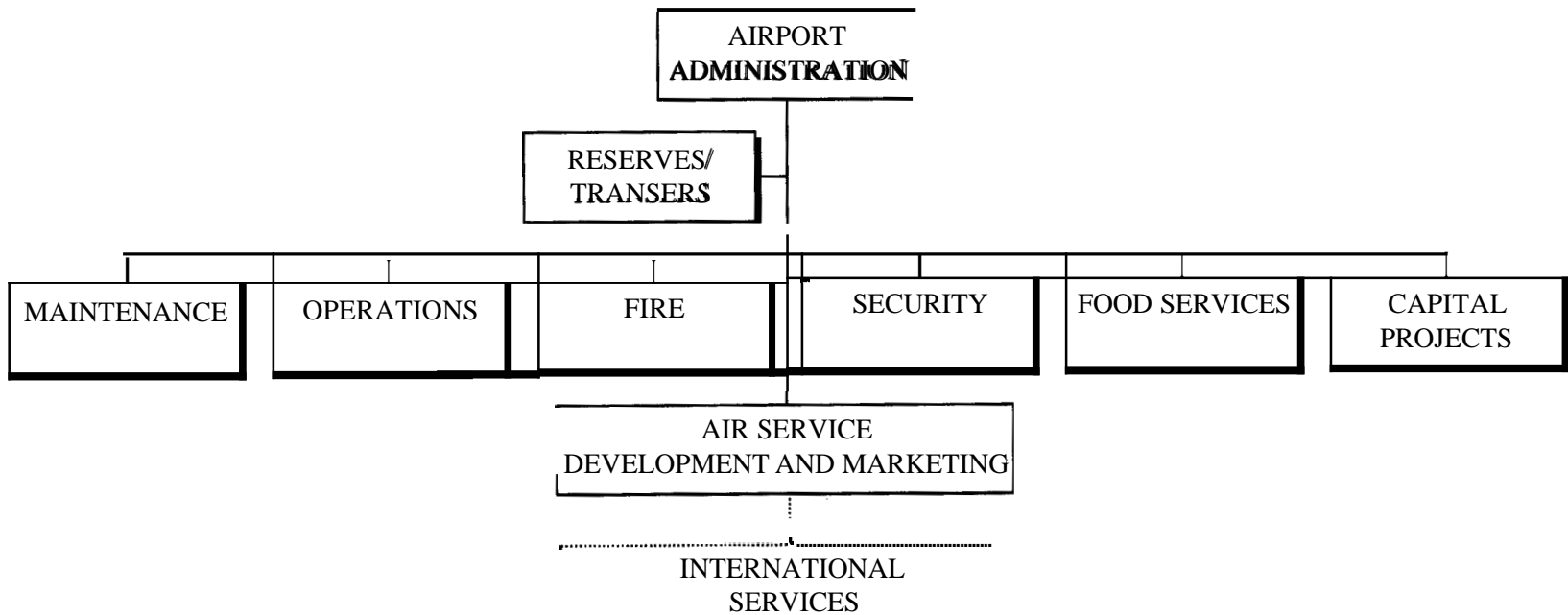
|                                        | Actual<br>1999-2000  | Estimated<br>2000-01 | Budget<br>2001-02    |
|----------------------------------------|----------------------|----------------------|----------------------|
| <b>Expenditures by Program</b>         |                      |                      |                      |
| Administration                         | \$ 1,078,091         | \$ 1,249,438         | \$ 898,499           |
| Maintenance                            | 1,493,008            | 1,400,805            | 1,616,639            |
| Operations                             | 417,946              | 353,338              | 504,632              |
| Fire                                   | 772,146              | 780,665              | 853,303              |
| Security                               | 412,912              | 402,369              | 454,191              |
| Air Service Development and Marketing  | 611,499              | 831,275              | 808,908              |
| Food Services                          | 0                    | 820,928              | 889,028              |
| Capital Projects                       | 3,361,208            | 14,300,392           | 15,873,556           |
| Reserves/Transfers                     | 3,819,447            | 3,816,833            | 7,232,844            |
| <b>Total Expenditures</b>              | <b>\$ 11,966,257</b> | <b>\$ 23,956,043</b> | <b>\$ 29,131,600</b> |
| <b>Expenditures by Category</b>        |                      |                      |                      |
| Personal Services                      | \$ 2,579,653         | \$ 2,497,335         | \$ 2,834,796         |
| Operating                              | 2,269,601            | 3,978,421            | 3,515,431            |
| Capital Outlay                         | 444,376              | 293,170              | 291,500              |
| <b>Subtotal Operating Expenditures</b> | <b>\$ 5,293,630</b>  | <b>\$ 6,768,926</b>  | <b>\$ 6,641,727</b>  |
| Capital Improvements                   | 2,880,621            | 13,366,282           | 15,350,372           |
| Debt Service                           | 0                    | 24,990               | 0                    |
| Grants and Aids                        | 0                    | 0                    | 0                    |
| Transfers                              | 3,792,006            | 3,795,845            | 3,795,958            |
| Reserves                               | 0                    | 0                    | 3,423,816            |
| <b>Total Operating Expenditures</b>    | <b>\$ 11,966,257</b> | <b>\$ 23,956,043</b> | <b>\$ 29,211,873</b> |
| Service Charge Reimbursements          | 0                    | 0                    | (80,273)             |
| <b>Net Expenditures</b>                | <b>\$ 11,966,257</b> | <b>\$ 23,956,043</b> | <b>\$ 29,131,600</b> |
| <b>Expenditures by Fund</b>            |                      |                      |                      |
| Daytona Beach International Airport    | \$ 11,966,257        | \$ 23,956,043        | \$ 29,131,600        |
| <b>Total Expenditures</b>              | <b>\$ 11,966,257</b> | <b>\$ 23,956,043</b> | <b>\$ 29,131,600</b> |
| Number of Full-Time Positions          | 62                   | 61                   | 61                   |
| Number of Part-Time Positions          | 1                    | 1                    | 5                    |

## Mission:

To provide and promote convenient, efficient, safe and affordable aviation and non-aviation related services for the traveling public, airlines and tenants, and to support and promote the area's economic growth and development.

# AIRPORT AND PORT SERVICES DEPARTMENT

## AIRPORT DIVISION



Division activities/programs shown with dotted lines reflect notable areas not identified as a separate budget page.

| <b>Department:</b> <del>Airport</del> and Port Services                                                                                                                                                                                                                                                                                                                                                                                                            |                     | <b>Activity:</b> Administration |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------|-------------------|
| <b>Division:</b> Airport                                                                                                                                                                                                                                                                                                                                                                                                                                           |                     |                                 |                   |
| Expenditures/Positions                                                                                                                                                                                                                                                                                                                                                                                                                                             | Actual<br>1999-2000 | Estimated<br>2000-01            | Budget<br>2001-02 |
| <b>Expenditures by Program</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                                 |                   |
| Administration                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$ 1,078,091        | \$ 1,249,438                    | \$ 898,499        |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$ 1,078,091</b> | <b>\$ 1,249,438</b>             | <b>\$ 898,499</b> |
| <b>Expenditures by Category</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |                                 |                   |
| Personal Services                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ 404,454          | \$ 422,254                      | \$ 416,543        |
| <b>Operating</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 671,666             | 802,194                         | 537,229           |
| Capital Outlay                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,971               | 0                               | 25,000            |
| <b>Subtotal Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>\$ 1,078,091</b> | <b>\$ 1,224,448</b>             | <b>\$ 978,772</b> |
| Capital Improvements                                                                                                                                                                                                                                                                                                                                                                                                                                               | 0                   | 0                               | 0                 |
| Debt Service                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 0                   | 24,990                          | 0                 |
| <del>Grants</del> and Aids                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0                   | 0                               | 0                 |
| Transfers                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0                   | 0                               | 0                 |
| Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0                   | 0                               | 0                 |
| <b>Total Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>\$ 1,078,091</b> | <b>\$ 1,249,438</b>             | <b>\$ 978,772</b> |
| Service Charge Reimbursements                                                                                                                                                                                                                                                                                                                                                                                                                                      | 0                   | 0                               | (80,273)          |
| <b>Net Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>\$ 1,078,091</b> | <b>\$ 1,249,438</b>             | <b>\$ 898,499</b> |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                 |                   |
| Daytona Beach International Auport                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$ 1,078,091        | \$ 1,249,438                    | \$ 898,499        |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$ 1,078,091</b> | <b>\$ 1,249,438</b>             | <b>\$ 898,499</b> |
| Number of <del>Full-Time</del> Positions                                                                                                                                                                                                                                                                                                                                                                                                                           | 9                   | E                               | 8                 |
| Number of <del>Part-Tie</del> Positions                                                                                                                                                                                                                                                                                                                                                                                                                            | 1                   | C                               | 0                 |
| <b>Program Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                                 |                   |
| Administration develops and maintains all lease and concession agreements in order to maximize revenues and maintain economic self-sufficiency for the Daytona Beach International Auport. The office also provides general administrative <del>support</del> and oversight for the operations of the Port Authority. Support services <del>are</del> provided to all activities within the department, including planning and development and grant solicitation. |                     |                                 |                   |
| One full- time position ( <del>Staff</del> Assistant) and one <del>part-</del> time position (Administrative Intern) <del>were</del> moved to the Operations activity in FY 2000-01 to better support direct customer service.                                                                                                                                                                                                                                     |                     |                                 |                   |

| <b>Department:</b> Airport and Port Services                                                                                                                                                                                |                             | <b>Activity:</b> Maintenance |                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|---------------------------|
| Division: Airport                                                                                                                                                                                                           |                             |                              |                           |
| <b>Expenditures/Positions</b>                                                                                                                                                                                               | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Category</b>                                                                                                                                                                                             |                             |                              |                           |
| Personal Services                                                                                                                                                                                                           | \$ 482,256                  | \$ 474,411                   | \$ 564,385                |
| Operating                                                                                                                                                                                                                   | 1,002,271                   | 892,894                      | 998,254                   |
| Capital Outlay                                                                                                                                                                                                              | 8,481                       | 33,500                       | 54,000                    |
| <b>Subtotal Operating Expenses</b>                                                                                                                                                                                          | <b>\$ 1,493,008</b>         | <b>\$ 1,400,805</b>          | <b>\$ 1,616,639</b>       |
| Capital Improvements                                                                                                                                                                                                        | 0                           | 0                            | 0                         |
| Debt Service                                                                                                                                                                                                                | 0                           | 0                            | 0                         |
| Grants and Aids                                                                                                                                                                                                             | 0                           | 0                            | 0                         |
| Transfers                                                                                                                                                                                                                   | 0                           | 0                            | 0                         |
| Reserves                                                                                                                                                                                                                    | 0                           | 0                            | 0                         |
| <b>Total Operating Expenditures</b>                                                                                                                                                                                         | <b>\$ 1,493,008</b>         | <b>\$ 1,400,805</b>          | <b>\$ 1,616,639</b>       |
| Service Charge Reimbursements                                                                                                                                                                                               | 0                           | 0                            | 0                         |
| <b>Net Expenditures</b>                                                                                                                                                                                                     | <b>\$ 1,493,008</b>         | <b>\$ 1,400,805</b>          | <b>\$ 1,616,639</b>       |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                 |                             |                              |                           |
| Daytona Beach International Airport                                                                                                                                                                                         | \$ 1,493,008                | \$ 1,400,805                 | \$ 1,616,639              |
| <b>Total Expenditures</b>                                                                                                                                                                                                   | <b>\$ 1,493,008</b>         | <b>\$ 1,400,805</b>          | <b>\$ 1,616,639</b>       |
| <b>Number of Full-Time Positions</b>                                                                                                                                                                                        | 16                          | 15                           | 15                        |
| <b>Number of Part-Time Positions</b>                                                                                                                                                                                        | 0                           | 0                            | 0                         |
| <b>Key Objectives</b>                                                                                                                                                                                                       |                             |                              |                           |
| 1. Identify and evaluate systems/components for useful lifespan                                                                                                                                                             |                             |                              |                           |
| 2. Reevaluate and prepare facilities for storm protection in accordance with hurricane plan                                                                                                                                 |                             |                              |                           |
| 3. Refurbish/rehab/replace exterior infrastructure                                                                                                                                                                          |                             |                              |                           |
| <b>Performance Measures</b>                                                                                                                                                                                                 | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| 1. Number of systems evaluated                                                                                                                                                                                              | N/A                         | N/A                          |                           |
|                                                                                                                                                                                                                             | N/A                         | 50%                          | 50%                       |
|                                                                                                                                                                                                                             | N/A                         | N/A                          |                           |
| <b>Highlights</b>                                                                                                                                                                                                           |                             |                              |                           |
| The Maintenance Activity fulfills the County's obligation to maintain Airport facilities in accordance with Federal Aviation Regulation Parts 139 and 107 and in a safe and attractive condition for all users and tenants. |                             |                              |                           |
| The adopted FY 2000-01 budget moved one Supervisor position to Parks and Recreation to support grounds maintenance.                                                                                                         |                             |                              |                           |

| <b>Department:</b> Airport and Port Services                                                                                                                                                                                                                                          |                             | <b>Activity:</b> Operations  |                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|---------------------------|
| <b>Division:</b> Airport                                                                                                                                                                                                                                                              |                             |                              |                           |
| <b>Expenditures/Positions</b>                                                                                                                                                                                                                                                         | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Category</b>                                                                                                                                                                                                                                                       |                             |                              |                           |
| Personal Services                                                                                                                                                                                                                                                                     | \$ 371,194                  | \$ 307,221                   | \$ 454,054                |
| Operating                                                                                                                                                                                                                                                                             | 44,781                      | 46,117                       | 50,578                    |
| Capital Outlay                                                                                                                                                                                                                                                                        | 1,971                       | 0                            | 0                         |
| <b>Subtotal Operating Expenses</b>                                                                                                                                                                                                                                                    | <b>\$ 417,946</b>           | <b>\$ 353,338</b>            | <b>\$ 504,632</b>         |
| Capital Improvements                                                                                                                                                                                                                                                                  | 0                           | 0                            | 0                         |
| Debt Service                                                                                                                                                                                                                                                                          | 0                           | 0                            | 0                         |
| <del>Grants</del> and Aids                                                                                                                                                                                                                                                            | 0                           | 0                            | 0                         |
| Transfers                                                                                                                                                                                                                                                                             | 0                           | 0                            | 0                         |
| Reserves                                                                                                                                                                                                                                                                              | 0                           | 0                            | 0                         |
| <b>Total operating Expenditures</b>                                                                                                                                                                                                                                                   | <b>\$ 417,946</b>           | <b>\$ 353,338</b>            | <b>\$ 504,632</b>         |
| Service Charge Reimbursements                                                                                                                                                                                                                                                         | 0                           | 0                            | 0                         |
| <b>Net Expenditures</b>                                                                                                                                                                                                                                                               | <b>\$ 417,946</b>           | <b>\$ 353,338</b>            | <b>\$ 504,632</b>         |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                                                                           |                             |                              |                           |
| Daytona Beach International Airport                                                                                                                                                                                                                                                   | \$ 417,946                  | \$ 353,338                   | \$ 504,632                |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                             | <b>\$ 417,946</b>           | <b>\$ 353,338</b>            | <b>\$ 504,632</b>         |
| <b>Number of Full-Time Positions</b>                                                                                                                                                                                                                                                  | <b>11</b>                   | <b>12</b>                    | <b>12</b>                 |
| <b>Number of Part-Time Positions</b>                                                                                                                                                                                                                                                  |                             |                              |                           |
| <b>Key Objectives</b>                                                                                                                                                                                                                                                                 |                             |                              |                           |
| 1. Incorporate a Wildlife Control Program to enhance airfield safety                                                                                                                                                                                                                  |                             |                              |                           |
| 2. Implement measures to decrease number of runway incursions                                                                                                                                                                                                                         |                             |                              |                           |
| 3. Maintain the Airport Operating Certificate                                                                                                                                                                                                                                         |                             |                              |                           |
| <b>Performance Measures</b>                                                                                                                                                                                                                                                           | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| 1. Number of bird/wildlife <del>strikes</del> with aircraft                                                                                                                                                                                                                           | 0                           | 1                            |                           |
| 2. Program elements implemented                                                                                                                                                                                                                                                       | 0                           | 1                            |                           |
| 3. Number of discrepancies related to certificate                                                                                                                                                                                                                                     | 4                           | N/A                          |                           |
| <p>Four (4) part time positions will be added to this activity in FY 2001-02 to improve the housekeeping services in the terminal. These position will allow full coverage of the terminal for all business hours and reduce overtime being worked by current housekeeping staff.</p> |                             |                              |                           |

|                                                                                  |                             |                              |                           |
|----------------------------------------------------------------------------------|-----------------------------|------------------------------|---------------------------|
| <b>Department:</b>                                                               | Airport and Port Services   | <b>Activity:</b>             | Fire                      |
| <b>Division:</b>                                                                 | Airport                     |                              |                           |
| <b>Expenditures/Positions</b>                                                    | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Category</b>                                                  |                             |                              |                           |
| Personal Services                                                                | \$ 723,031                  | \$ 722,562                   | \$ 784,665                |
| Operating                                                                        | 45,117                      | 58,103                       | 68,638                    |
| Capital Outlay                                                                   | 2,957                       | 0                            | 0                         |
| <b>Subtotal Operating Expenses</b>                                               | <b>\$ 771,105</b>           | <b>\$ 780,665</b>            | <b>\$ 853,303</b>         |
| Capital Improvements                                                             | 0                           | 0                            | 0                         |
| Debt Service                                                                     | 0                           | 0                            | 0                         |
| Grants and Aids                                                                  | 0                           | 0                            | 0                         |
| Transfers                                                                        | 1,041                       | 0                            | 0                         |
| Reserves                                                                         | 0                           | 0                            | 0                         |
| <b>Total Operating Expenditures</b>                                              | <b>\$ 772,146</b>           | <b>\$ 780,665</b>            | <b>\$ 853,303</b>         |
| Service Charge Reimbursements                                                    | 0                           | 0                            | 0                         |
| <b>Net Expenditures</b>                                                          | <b>\$ 772,146</b>           | <b>\$ 780,665</b>            | <b>\$ 853,303</b>         |
| <b>Expenditures by Fund</b>                                                      |                             |                              |                           |
| Daytona Beach International Airport                                              | \$ 772,146                  | \$ 780,665                   | \$ 853,303                |
| <b>Total Expenditures</b>                                                        | <b>\$ 772,146</b>           | <b>\$ 780,665</b>            | <b>\$ 853,303</b>         |
| <b>Number of Full-Time Positions</b>                                             | 13                          | 13                           | 13                        |
| <b>Number of Part-Time Positions</b>                                             | 0                           | 0                            | 0                         |
| <b>Key Objectives</b>                                                            |                             |                              |                           |
| 1. Meet the Federal Airport Regulations (FAR) Part 139 time response requirement |                             |                              |                           |
|                                                                                  |                             |                              |                           |
| <b>Performance Measures</b>                                                      | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b> | <b>Budget<br/>2001-02</b> |
| 1. Time elapsed to deploy equipment                                              | 3 minutes                   | 3 minutes                    | 3 minutes                 |
| 2. Response time on medical emergency calls                                      | 5 minutes                   | 5 minutes                    | 5 minutes                 |
| 3. Number of scheduled inspections/training classes                              | 12/annually                 | 12/annually                  | 12/annually               |

| Expenditures/Positions                                            | A d d<br>1999-2000  | Estimated<br>2000-01 | Budget<br>2001-02 |
|-------------------------------------------------------------------|---------------------|----------------------|-------------------|
| <b>Expenditures by Category</b>                                   |                     |                      |                   |
| Personal Services                                                 | \$ 348,941          | \$ 351,472           | \$ 389,437        |
| Operating                                                         | 61,014              | 48,927               | 53,754            |
| Capital Outlay                                                    | 2,957               | 1,970                | 11,000            |
| <b>Subtotal Operating Expenses</b>                                | <b>\$ 412,912</b>   | <b>\$ 402,369</b>    | <b>\$ 454,191</b> |
| Capital Improvements                                              | 0                   | 0                    | 0                 |
| Debt Service                                                      | 0                   | 0                    | 0                 |
| Grants and Aids                                                   | 0                   | 0                    | 0                 |
| Transfers                                                         | 0                   | 0                    | 0                 |
| Reserves                                                          | 0                   | 0                    | 0                 |
| <b>Total Operating Expenditures</b>                               | <b>\$ 412,912</b>   | <b>\$ 402,369</b>    | <b>\$ 454,191</b> |
| Service Charge Reimbursements                                     | 0                   | 0                    | 0                 |
| <b>Net Expenditures</b>                                           | <b>\$ 412,912</b>   | <b>\$ 402,369</b>    | <b>\$ 454,191</b> |
| <b>Expenditures by Fund</b>                                       |                     |                      |                   |
| Daytona Beach International Airport                               | \$ 412,912          | \$ 402,369           | \$ 454,191        |
| <b>Total Expenditures</b>                                         | <b>\$ 412,912</b>   | <b>\$ 402,369</b>    | <b>\$ 454,191</b> |
| <b>Number of Full-Time Positions</b>                              |                     | 9                    | 9                 |
| <b>Number of Part-Time Positions</b>                              | 0                   | a                    | 0                 |
| <b>Key Objectives</b>                                             |                     |                      |                   |
| 1. Maintain compliance with Federal Airport Regulations (FAR) 107 |                     |                      |                   |
| 2. Manage ground transportation to meet passenger expectations    |                     |                      |                   |
| 3. Maintain accessibility into the Airport during special events  |                     |                      |                   |
| Performance Measures                                              | Actual<br>1999-2000 | Estimated<br>2000-01 | Budget<br>2001-02 |
| 1. Number of discrepancies                                        | 0                   | 0                    | 0                 |
| 2. Number of transportation complaints                            | 0                   | 0                    | 0                 |
| 3. Number of special event complaints                             | 0                   | 1                    | 0                 |

| <b>Department:</b> Airport and <del>Port</del> Services |                             | <b>Activity:</b> Air Service Development and Marketing |                           |
|---------------------------------------------------------|-----------------------------|--------------------------------------------------------|---------------------------|
| <b>Expenditures/Positions</b>                           | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b>                           | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Category</b>                         |                             |                                                        |                           |
| <b>Personal Services</b>                                | \$ 223,026                  | \$ 219,415                                             | \$ 225,712                |
| operating                                               | 381,189                     | 611,860                                                | 583,196                   |
| Capital Outlay                                          | 7,284                       | 0                                                      | 0                         |
| <b>Subtotal Operating Expenses</b>                      | <b>\$ 611,499</b>           | <b>\$ 831,275</b>                                      | <b>\$ 808,908</b>         |
| Capital Improvements                                    | 0                           | 0                                                      | 0                         |
| Debt Service                                            | 0                           | 0                                                      | 0                         |
| Grants and Aids                                         | 0                           | 0                                                      | 0                         |
| Transfers                                               | 0                           | 0                                                      | 0                         |
| Reserves                                                | 0                           | 0                                                      | 0                         |
| <b>Total Operating Expenditures</b>                     | <b>\$ 611,499</b>           | <b>\$ 831,275</b>                                      | <b>\$ 808,908</b>         |
| Service Charge Reimbursements                           | 0                           | 0                                                      | 0                         |
| <b>Net Expenditures</b>                                 | <b>\$ 611,499</b>           | <b>\$ 831,275</b>                                      | <b>\$ 808,908</b>         |
| <b>Expenditures by Fund</b>                             |                             |                                                        |                           |
| Daytona Beach International Airport                     | \$ 611,499                  | \$ 831,275                                             | \$ 808,908                |
| <b>Total Expenditures</b>                               | <b>\$ 611,499</b>           | <b>\$ 831,275</b>                                      | <b>\$ 808,908</b>         |
| <b>Number of Full-Time Positions</b>                    | 4                           | 4                                                      | 4                         |
| <b>Number of Part-Time Positions</b>                    | 0                           | 0                                                      | 0                         |
|                                                         |                             |                                                        |                           |
| <b>Performance Measures</b>                             | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b>                           | <b>Budget<br/>2001-02</b> |
| 1. Number of flights                                    | 8                           | 8                                                      | 12                        |
| 2. <del>Number</del> of airlines                        | 2                           | 2                                                      | 2                         |
| 3. Air carrier yield improvement                        | 13.88                       | 14.25                                                  | 14.50                     |
| 4. Number of promotional activities                     | 25/quarter                  | 25/quarter                                             | 25/quarter                |
|                                                         |                             |                                                        |                           |

| <b>Department:</b> Airport and Port Services                                                                                                                                                                                                                                                |                             | <b>Activity:</b> Food Services |                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------|---------------------------|
| <b>Division:</b> Airport                                                                                                                                                                                                                                                                    |                             |                                |                           |
| <b>Expenditures/Positions</b>                                                                                                                                                                                                                                                               | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b>   | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Program</b>                                                                                                                                                                                                                                                              |                             |                                |                           |
| Food Services                                                                                                                                                                                                                                                                               | \$ 0                        | \$ 820,928                     | \$ 889,028                |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                   | <b>\$ 0</b>                 | <b>\$ 820,928</b>              | <b>\$ 889,028</b>         |
| <b>Expenditures by Category</b>                                                                                                                                                                                                                                                             |                             |                                |                           |
| Personal Services                                                                                                                                                                                                                                                                           | \$ 0                        | \$ 0                           | \$ 0                      |
| operating                                                                                                                                                                                                                                                                                   | 0                           | 815,928                        | 877,528                   |
| Capital Outlay                                                                                                                                                                                                                                                                              | 0                           | 5,000                          | 11,500                    |
| <b>Subtotal Operating Expenditures</b>                                                                                                                                                                                                                                                      | <b>\$ 0</b>                 | <b>\$ 820,928</b>              | <b>\$ 889,028</b>         |
| Capital Improvements                                                                                                                                                                                                                                                                        | 0                           | 0                              | 0                         |
| Debt Service                                                                                                                                                                                                                                                                                | 0                           | 0                              | 0                         |
| Grants and Aids                                                                                                                                                                                                                                                                             | 0                           | 0                              | 0                         |
| Transfers                                                                                                                                                                                                                                                                                   | 0                           | 0                              | 0                         |
| Reserves                                                                                                                                                                                                                                                                                    | 0                           | 0                              | 0                         |
| <b>Total Operating Expenditures</b>                                                                                                                                                                                                                                                         | <b>\$ 0</b>                 | <b>\$ 820,928</b>              | <b>\$ 889,028</b>         |
| Service Charge Reimbursements                                                                                                                                                                                                                                                               | 0                           | 0                              | 0                         |
| <b>Net Expenditures</b>                                                                                                                                                                                                                                                                     | <b>\$ 0</b>                 | <b>\$ 820,928</b>              | <b>\$ 889,028</b>         |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                                                                                 |                             |                                |                           |
| Daytona Beach International Airport                                                                                                                                                                                                                                                         | \$ 0                        | \$ 820,928                     | \$ 889,028                |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                   | <b>\$ 0</b>                 | <b>\$ 820,928</b>              | <b>\$ 889,028</b>         |
| <b>Number of Full-Time Positions</b>                                                                                                                                                                                                                                                        | 0                           | 0                              | 0                         |
| <b>Number of Part-Time Positions</b>                                                                                                                                                                                                                                                        | 0                           | 0                              | 0                         |
| <b>Program Information</b>                                                                                                                                                                                                                                                                  |                             |                                |                           |
| At the request of Jerry's, Inc. the Airport <b>assumed</b> responsibility for public food service and airline catering under an Operating Agreement between the County of Volusia and Jerry's, Inc. on November 6, 2000. Program costs are offset by revenues from food and beverage sales. |                             |                                |                           |
| The FY 2001-02 budget includes capital outlay for replacement kitchen fixtures and equipment in the Food Services areas.                                                                                                                                                                    |                             |                                |                           |

| <b>Department:</b> Airport and Port Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     | <b>Activity:</b> Capital Projects |                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|----------------------|
| <b>Division:</b> Airport                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                                   |                      |
| Expenditures/Positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Actual<br>1999-2000 | Estimated<br>2000-01              | Budget<br>2001-02    |
| <b>Expenditures by Program</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                     |                                   |                      |
| Capital Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ 3,361,208        | \$ 14,300,392                     | \$ 15,873,556        |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>\$ 3,361,208</b> | <b>\$ 14,300,392</b>              | <b>\$ 15,873,556</b> |
| <b>Expenditures by Category</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                                   |                      |
| Personal Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ 26,751           | \$ 0                              | \$ 0                 |
| Operating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 35,081              | 681,410                           | 333,184              |
| Capital Outlay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 418,755             | 252,700                           | 190,000              |
| <b>Subtotal Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>\$ 480,587</b>   | <b>\$ 934,110</b>                 | <b>\$ 523,184</b>    |
| Capital Improvements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,880,621           | 13,366,282                        | 15,350,372           |
| Debt Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 0                   | 0                                 | 0                    |
| Grants and Aids                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0                   | 0                                 | 0                    |
| Transfers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 0                   | 0                                 | 0                    |
| Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0                   | 0                                 | 0                    |
| <b>Total Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>\$ 3,361,208</b> | <b>\$ 14,300,392</b>              | <b>\$ 15,873,556</b> |
| Service Charge Reimbursements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0                   | 0                                 | 0                    |
| <b>Net Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>\$ 3,361,208</b> | <b>\$ 14,300,392</b>              | <b>\$ 15,873,556</b> |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                     |                                   |                      |
| Daytona Beach International Airport                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$ 3,361,208        | \$ 14,300,392                     | \$ 15,873,556        |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>\$ 3,361,208</b> | <b>\$ 14,300,392</b>              | <b>\$ 15,873,556</b> |
| <b>Number of Full-Time Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0                   | 0                                 | 0                    |
| <b>Number of Part-Time Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0                   | 0                                 | 0                    |
| <b>Program Information</b><br>Capital projects are funded through a combination of federal and state grants and local revenues. Federal grants fund 90% of these projects, with the remaining 10% split between state grants and local funds. Projects scheduled for FY 2001-02 include land acquisition for noise reduction; general aviation improvements for runup, parking and apron construction; taxiway, connector and runway improvements; drainage improvements; and capital equipment for fire rescue and handicap assistance. Also included in the capital projects are Master Plan updates as required by the Federal Aviation Administration (FAA) for use in future airport capital projects for renovation or expansion. |                     |                                   |                      |

| <b>Department:</b> Airport and Port Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             | <b>Activity:</b> Reserves/Transfers |                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------|---------------------------|
| <b>Division:</b> Airport                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |                                     |                           |
| <b>Expenditures/Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Actual<br/>1999-2000</b> | <b>Estimated<br/>2000-01</b>        | <b>Budget<br/>2001-02</b> |
| <b>Expenditures by Program</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             |                                     |                           |
| Reserves/Transfers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | \$ 3,819,447                | \$ 3,816,833                        | \$ 7,232,844              |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>\$ 3,819,447</b>         | <b>\$ 3,816,833</b>                 | <b>\$ 7,232,844</b>       |
| <b>Expenditures by Category</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                                     |                           |
| Personal Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$ 0                        | \$ 0                                | \$ 0                      |
| Operating                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 28,482                      | 20,988                              | 13,070                    |
| Capital Outlay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0                           | 0                                   | 0                         |
| <b>Subtotal Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>\$ 28,482</b>            | <b>\$ 20,988</b>                    | <b>\$ 13,070</b>          |
| Capital Improvements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0                           | 0                                   | 0                         |
| Debt Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0                           | 0                                   | 0                         |
| Grants and Aids                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 0                           | 0                                   | 0                         |
| Transfers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3,790,965                   | 3,795,845                           | 3,795,958                 |
| Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 0                           | 0                                   | 3,423,816                 |
| <b>Total Operating Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>\$ 3,819,447</b>         | <b>\$ 3,816,833</b>                 | <b>\$ 7,232,844</b>       |
| Service Charge Reimbursements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0                           | 0                                   | 0                         |
| <b>Net Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$ 3,819,447</b>         | <b>\$ 3,816,833</b>                 | <b>\$ 7,232,844</b>       |
| <b>Expenditures by Fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |                                     |                           |
| Daytona Beach International Airport                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | \$ 3,819,447                | \$ 3,816,833                        | \$ 7,232,844              |
| <b>Total Expenditures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>\$ 3,819,447</b>         | <b>\$ 3,816,833</b>                 | <b>\$ 7,232,844</b>       |
| <b>Number of Full-Time Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (                           | c                                   | (                         |
| <b>Number of Part-Time Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (                           | c                                   | (                         |
| <b>Program Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                                     |                           |
| This activity establishes maintenance and operating, renewal and replacement, and debt service accounts as stipulated in the signatory agreements with the major air carriers that service Daytona Beach International Airport.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                                     |                           |
| During FY 1998-99 County Council approved a resolution authorizing a proposed plan for refunding the Airport Bond Series 1991 to take advantage of lower interest rates than when the bonds were originally issued. A Forward Bond Purchase Contract was approved between Volusia County and Lehman Brothers, Inc. authorizing issuance of fixed rate Airport System Revenue Refunding Bonds, Series 2000. This refunding structure will benefit the Airport system in the form of enhanced revenues during the crucial period beginning in FY 2002-03 when existing airline use agreements expire, in expectation that during that time a combination of natural growth and the development of alternate plans will provide the Airport with adequate revenues to fully cover expenses and debt service. During FY 2000-01 the Federal Aviation Administration (FAA) began an Innovative Financing Program which allows federal grant funds to be used for debt service. Daytona Beach International Airport (DBIA) has applied for \$1.3 million in funds in FY 2000-01, \$2.2 million in FY 2001-02 and \$2.2 million in FY 2002-03 under this grant program. |                             |                                     |                           |

**Daytona Beach International Airport  
Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings  
For the Year Ended September 30, 2001**

**Operating Revenues**

|                          |             |
|--------------------------|-------------|
| Charges for Services     | \$8,206,214 |
| Miscellaneous Revenues   | \$23,405    |
| Total Operating Revenues | \$8,229,619 |

**Operating Expenses**

|                            |              |
|----------------------------|--------------|
| Personal Services          | \$2,863,035  |
| Contracted Services        | \$1,690,461  |
| Supplies and Materials     | \$678,997    |
| Repairs and Maintenance    | \$202,605    |
| Utilities                  | \$812,699    |
| Other Services and Charges | \$264,346    |
| Depreciation               | \$3,869,844  |
| Total Operating Expenses   | \$10,381,987 |

|                         |              |
|-------------------------|--------------|
| Operating Income (Loss) | -\$2,152,368 |
|-------------------------|--------------|

**Nonoperating Revenues (Expenses)**

|                                             |              |
|---------------------------------------------|--------------|
| Operating Grants                            | \$149,952    |
| Bond Issuance Costs                         | -\$150,875   |
| Interest Revenues                           | \$877,456    |
| Interest Expense                            | -\$2,799,196 |
| Net Gain (Loss) on Disposal of Fixed Assets | \$1,696      |
| Total Nonoperating Revenues (Expenses)      | -\$1,920,967 |

|                                                |              |
|------------------------------------------------|--------------|
| Income (Loss) before Contributions & Transfers | -\$4,073,335 |
|------------------------------------------------|--------------|

|                       |             |
|-----------------------|-------------|
| Capital Contributions | \$3,411,671 |
| Transfers In          | \$100,000   |
| Change in Net Assets  | -\$561,664  |

|                                        |              |
|----------------------------------------|--------------|
| Total Net Assets - Beginning, Restated | \$43,625,152 |
| Total Net Assets - Ending              | \$43,063,488 |

**Retained Earnings at Beginning of Year**

**Retained Earnings at End of Year**

|                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Daytona Beach International Airport</b><br><b>Combining Statement of Revenues, Expenses</b><br><b>and Changes in Retained Earnings</b><br><b>For the Year Ended September 30, 2000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                           |
|---------------------------|
| <b>Operating Revenues</b> |
|---------------------------|

|                                 |                    |
|---------------------------------|--------------------|
| Charges for Services            | \$7,520,763        |
| Miscellaneous Revenues          | \$186,053          |
| <b>Total Operating Revenues</b> | <b>\$7,706,816</b> |

|                           |
|---------------------------|
| <b>Operating Expenses</b> |
|---------------------------|

|                                 |                    |
|---------------------------------|--------------------|
| Personal Services               | \$2,552,903        |
| Contracted Services             | \$774,707          |
| Supplies and Materials          | \$344,650          |
| Repairs and Maintenance         | \$170,152          |
| Utilities                       | \$708,055          |
| Other Services and Charges      | \$208,474          |
| Depreciation                    | \$3,678,818        |
| <b>Total Operating Expenses</b> | <b>\$8,437,759</b> |

|                         |             |
|-------------------------|-------------|
| Operating Income (Loss) | (\$730,943) |
|-------------------------|-------------|

|                                         |
|-----------------------------------------|
| <b>Nonoperating Revenues (Expenses)</b> |
|-----------------------------------------|

|                                                 |                      |
|-------------------------------------------------|----------------------|
| Operating Grants                                | \$112,030            |
| Operating Grants - PFC                          | \$1,079,668          |
| Taxes                                           | \$0                  |
| Interest Revenues                               | \$694,380            |
| Interest Expense                                | (\$2,950,602)        |
| Net Gain (Loss) on Disposal of Fixed Assets     | (\$1,634)            |
| <b>Total Nonoperating Revenues (Expenses)</b>   | <b>(\$1,066,158)</b> |
| <b>Income (Loss) before Operating Transfers</b> | <b>(\$1,797,101)</b> |

|                            |
|----------------------------|
| <b>Operating Transfers</b> |
|----------------------------|

|                                      |                      |
|--------------------------------------|----------------------|
| Operating Transfers from Other Funds | \$100,000            |
| <b>Net Income (Loss)</b>             | <b>(\$1,041)</b>     |
|                                      | <b>(\$1,698,142)</b> |

|                                                                                                                              |             |
|------------------------------------------------------------------------------------------------------------------------------|-------------|
| Add: Depreciation on Fixed Assets Acquired<br>by Grants, Entitlements and Shared Revenues<br>that Reduce Contributed Capital | \$3,640,816 |
|------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                             |             |
|-------------------------------------------------------------|-------------|
| Increase (Decrease) in Retained Earnings<br>During the Year | \$1,647,585 |
|-------------------------------------------------------------|-------------|

|                                               |
|-----------------------------------------------|
| <b>Retained Earnings at Beginning of Year</b> |
|-----------------------------------------------|

|             |
|-------------|
| \$3,640,816 |
|-------------|

|                                         |
|-----------------------------------------|
| <b>Retained Earnings at End of Year</b> |
|-----------------------------------------|

|             |
|-------------|
| \$5,288,401 |
|-------------|

Source: County of Volusia, Florida  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2000

|                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Daytona Beach International Airport</b><br><b>Combining Statement of Revenues, Expenses</b><br><b>and Changes in Retained Earnings</b><br><b>For the Year Ended September 30, 1999</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

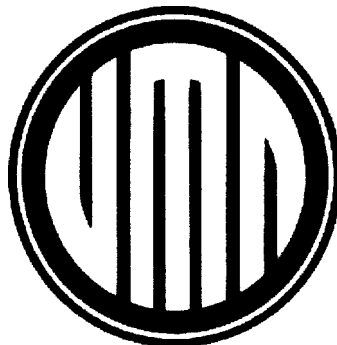
|                                                                                                                              |               |
|------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                                                                                                              | \$7,491,341   |
|                                                                                                                              | \$38,969      |
|                                                                                                                              | \$7,530,310   |
|                                                                                                                              |               |
|                                                                                                                              | \$2,497,391   |
|                                                                                                                              | \$710,172     |
|                                                                                                                              | \$315,009     |
|                                                                                                                              | \$181,128     |
|                                                                                                                              | \$608,112     |
|                                                                                                                              | \$223,243     |
|                                                                                                                              | \$3,550,878   |
|                                                                                                                              | \$8,085,933   |
| Operating Income (Loss)                                                                                                      | (\$555,623)   |
| <b>Nonoperating Revenues(Expenses)</b>                                                                                       |               |
| Operating Grants                                                                                                             | \$50,660      |
| Operating Grants - PFC                                                                                                       | \$1,079,668   |
| Taxes                                                                                                                        | \$0           |
| Interest Revenues                                                                                                            | \$342,366     |
| Interest Expense                                                                                                             | (\$3,054,056) |
| Net Gain (Loss) on Disposal of Fixed Assets                                                                                  | \$10,662      |
| Total Nonoperating Revenues (Expenses)                                                                                       | (\$1,570,700) |
| Income (Loss) before Operating Transfers                                                                                     | (\$2,126,323) |
| <b>Operating Transfers</b>                                                                                                   |               |
| Operating Transfers from Other Funds                                                                                         | \$100,000     |
| Net Income (Loss)                                                                                                            | (\$2,026,323) |
| Add: Depreciation on Fixed Assets Acquired<br>by Grants, Entitlements and Shared Revenues<br>that Reduce Contributed Capital | \$3,249,946   |
| Increase (Decrease) in Retained Earnings<br>During the Year                                                                  | \$1,223,623   |
| <b>Retained Earnings at Beginning of Year</b>                                                                                | \$2,417,193   |
| <b>Retained Earnings at End of Year</b>                                                                                      | \$3,640,816   |

Source: County of Volusia, Florida  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 1999

Attachment **N**  
5 Year Strategic Plan  
Air Service Development Working Group

FIVE YEAR STRATEGIC PLAN  
2001-2006

AIR SERVICE DEVELOPMENT  
WORKING GROUP



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Exhibit A: Proposed Contingency Budget

Five-Year Strategic Plan  
Air Service Development Working Group  
**March 19,2001**

**1. Introduction:**

The Air Service Development Working Group (ASDC) is a working group that includes representatives of the three Volusia County Advertising Authorities, as well as representatives of business, tourism, the airport and Volusia County Council. The Working Group serves as a regional strategicalliance where member's work together to create marketing initiatives directed at increasing air service usage, and supporting capacity at the Daytona Beach International Airport.

Originally established in 1993, the mission of the Air Service Development Working Group is as follows:

**It shall be the mission of the Air Service Development Working Group to initiate, develop, and sustain programs that serve to expand air service to Volusia County and the surrounding region through increased use of Daytona Beach International Airport**

Representatives of the Volusia Manufacturers Association (VMA) have joined the Working Group to enhance promotion efforts directed toward business travel needs and leisure travel needs. Maximizing the airport's attractiveness to business travel needs is a key economic element in allowing the airport to increase air service for the benefit of all market segments.

**II. Air Service Background at Davtona Beach International Airport:**

For calendar year 1999, total airline passenger traffic at Daytona Beach International Airport declined by 9% fiom 625,334 in 1998to 569,797 in 1999. Through the end of 2000, this trend has continued with total passenger traffic falling **6%** to 536,914 for calendar year 2000. A major contributing factor to the decline was Delta's decision to substitute three 50-seat Canadair regional jets for two 142-seatMD-88 aircraft departures per day in July 1999. While adding an additional frequency per day, Delta's action reduced total (inbound and outbound) seat inventory capacity by 268 seats per day. Between 1998 and 2000, average airline load factor rose fiom 78% to 81% compared with an industry average of approximately 70%. Starting in July 2000, the year over year monthly passenger boardings in Daytona Beach have shown consecutive monthly increases through January 2001. This shows a pattern of strong demand despite limited available seat inventory.

For calendar year 2000, traffic leakage to alternate airports increased to approximately 60% based on a March 2000 travel agent survey of tickets sold in the Daytona Beach area. Meanwhile, between 1997 and 1999, airline business performance at Daytona Beach improved considerably with average airline yield increasing from 11.74 cents per seat mile in 1997 to 13.70 cents in 1999, an increase of 17% over that 24-month period. During the same period Orlando's average yield remained flat at 10.77 cents while Jacksonville's airlines saw yield actually decline by 5% down to 14.17 cents. Continental and Delta have continued to charge modest fare differentials at Daytona Beach when compared with Orlando pricing, with wide price swings on a daily basis. This situation has been exacerbated by the current shortage of available seats on some flights combined with many occasions when only the higher cost business class fares are available.

Airport staff, with the support of the Air Service Development Working Group and community leaders, have continuously been engaged in presenting air service proposals, information and follow-up with many airlines. Air service development strategy has been to focus efforts on airlines and routes projected to address the region's air transportation needs, while fitting in with the strategic objectives of the respective airline. This approach is intended to foster long-term successful partnerships between the airlines and Volusia County.

**An** important component of each air service proposal is the Marketing Partnership Program. This program sets forth a plan where the community aggressively steps forward to promote new air service options in Volusia County and the originating city. This step is necessary because major airlines no longer allocate significant marketing resources in secondary markets such as Daytona Beach.

The five-year strategic plan focuses on goals, objectives, and strategies for implementing the Marketing Partnership Program. In the past, airlines, such as LTU International provided excellent scheduled international air service and fares to the community, without benefit of an ongoing program of marketing assistance or support. As a result LTU International was unable to sustain the service. More recently, ~~Air~~ Transat expressed interest in seasonal service to Canada, requesting local marketing support. That support could not be provided because the request occurred outside the normal budget approval process. The five-year plan seeks to implement a mechanism that can address such contingencies in a timely and responsive manner.

### III. **Air Service Economic Situation Analysis:**

During the last 10 years, the population within the airport's air service region in East Central Florida has grown approximately 50% to a 1999 census estimate of 1,702,505. Between 1999 and 2004, Volusia County's population is expected to grow 6% from 425,500 to 451,100 with effective buying power projected to grow **24%** from \$6,456,970 in 1999 to \$8,030,893 in 2004. Several hundred million dollars in new investment already has been committed, or is under construction along Daytona Beach with over 1000 new accommodation units and supporting facilities under development. Planning is under way to expand the Ocean Center convention center within the next several years and Volusia County has continued to attract approximately **8** million visitors per year with occupancy levels and average room rates remaining strong in 2000.

The Volusia County Council has focused renewed emphasis on attracting more quality businesses to Volusia County. The **14** corridor development of **high** tech businesses in Seminole county, located approximately **30** minutes drive from the airport, has continued to expand north toward Volusia County. Daytona Beach International Airport continues to offer the most logical and convenient airport option to serve the region's long-term air transportation and economic expansion needs.

However, for any community to fully realize its economic potential, air service connections to the domestic and global market must be promoted actively and sustained. All stakeholders who have a present or future economic interest in the development of Volusia County also have a long-term and logical business interest in actively promoting new air service options to strengthen Volusia's ties to the domestic and worldwide economy. Failure to maximize air service potential will only serve to divert both business and tourism growth toward those communities that demonstrate better capability to encourage and support such development.

#### IV. **Goals, Objectives and Strategies:**

The following identifies the major goals, objectives and strategies of the Strategic Plan:

A. **Goal #1** - Identify partners, including partners from private business enterprise, to establish an annual marketing contingency fund, beginning in FY 01/02 to enable rapid creation and execution of marketing programs supporting goals 2-5, thus maximizing public awareness and use of new air service options that develop during the year.

**Objective:** Identify appropriate levels of annual financial participation by all partners to be included as a budget component and secure approval by respective boards or governing authorities.

##### **Strategies:**

1. Provide educational and consensus building briefings to boards and individual members concerning the need, advantages and positive economic impacts of the air service development.
2. Specify and reinforce that contingency funds will be recommended for expenditure on a case by case basis with advertising authority funds only to be utilized in out of state market specific locations.
3. Use airport staff as key administrative support to implement marketing programs.
4. Develop a business travel group to market air service through Daytona Beach International Airport to the business community.

B. **Goal#2** - Increase the number of non-stop air service options and domestic passengers who utilize Daytona Beach International Airport.

**Objective:** Link marketing efforts promoting airlines and routes that are provided through Daytona Beach International Airport with destination and airport advantages.

**Strategies:**

1. Focus marketing on cooperative relationships with airlines whenever possible to maximize program effectiveness.
2. Augment and expand effectiveness of existing local and market **specific** advertising programs to position the airport as the preferred and recommended air transportation alternative for Daytona Beach, Volusia County and the surrounding region.
3. Continuously promote travel agent awareness and support in the **regional** area of Seminole, Volusia and Flagler counties.

C. **Goal#3** - Promote non-stop air service from Canada and other international points of origin, including Germany, the United Kingdom and the Caribbean.

**Objective:** Develop and maintain relationships with international airlines, tour operators and local destination properties to actively promote air service initiatives on the regional, domestic and international market levels.

**Strategies:**

1. Participate in selected trade shows, consumer shows and trade missions to advance awareness of the destination and airport capabilities in serving the international market.
2. Augment all international marketing efforts to include the airport **as the** preferred and recommended transportation alternative to Daytona Beach, Volusia County and the surrounding region.

D. **Goal#4** - Maximize business travel through Daytona Beach International Airport.

**Objective:** Focus marketing efforts on the highest concentration of potential business travelers such as high tech corridor in Seminole County, and all businesses which are within **45** minutes drive time and that have a significant need for frequent air travel.

### **Strategies:**

1. Develop a business lounge with free membership for businesses that generate significant annual travel with added parking and discount benefits available to eligible business.

2. **Use** direct mail and all appropriate electronic mediums keep the **business** community, chambers of commerce, and area convention and visitors bureaus informed of the advantages of airline and airport services. Such efforts would include the local and the originating city markets.

3. Continuously promote travel agent awareness and support in Volusia, Seminole and Flagler counties for business travel use of the airport.

4. Promote public speaking engagements by ~~airport~~ staff and Working Group members to inform the business community of airport advantages using power point and other appropriate presentation mediums where applicable.

5. Promote a business friendly airport on county web sites with appropriate links between partners.

6. Identify an “A” list of highest volume business travelers in Volusia, Flagler and Seminole counties and maintain a continuous flow of useful information utilizing e-mail or other appropriate formats, in cooperation with the Volusia County Manufactures Association and area Chambers of Commerce.

7. Form a business marketing group to develop and implement a business travel marketing plan. The group will examine the regional business community to determine high travel volume businesses.

Companies examined may include Embry Riddle Aeronautical University, Stetson University, Nascar, Volusia County School Board, and Volusia County Government. The business marketing group will market air service to these firms in an effort to gain their commitment to use new or expanded service through Daytona Beach International Airport. The commitment may be in the form of a travel bank, which can then be used as a negotiating tool with airlines considering service through Daytona Beach International Airport. The business’ commitment will provide a market driven guarantee to enable airlines to initiate and sustain new air service.

E. **Goal #5** - Promote Daytona Beach International Airport **as** the preferred and recommended transportation alternative to all market segments.

**Objective:** Build and maintain a constant awareness and direction in advertising and public relations that the preferred and recommended transportation option to Daytona Beach, Volusia County and the surrounding region is through Daytona Beach International Airport.

**Strategies:**

1. Promote internal policies that always endorse Daytona Beach International Airport first, and avoid advertising alternate airport gateways.

V, **Operation and Implementation:**

The five-year strategic plan shall serve to establish an annual airline marketing contingency budget to promote increased business and leisure travel through the Daytona Beach International Airport. Operation of the plan will remain flexible and responsive to new air service initiatives but will also provide an ongoing consensus that Daytona Beach International Airport will be promoted continuously by all stakeholders **as** the preferred airport transportation choice for the region.

Expenditure of contingency budget funds shall be conditioned on the approval of the Air Service Development Working Group as well the governing boards of the advertising authorities. The marketing budget shall be developed each year beginning 2001 through 2006 by the Air Service Development Working Group to be specifically included in the budgets developed by the Daytona Beach International Airport, the Daytona Beach Halifax Area Advertising Authority, The Southeast Volusia Advertising Authority, and the West Volusia Advertising Authority. Expenditure of contingency budget funds shall be authorized on a case-by-case basis by specific approval by all applicable governing authorities or boards or their authorized designee.

The recommended contingency budget for FY2001-2002 is attached hereto **as** Exhibit A.

VI. **Volusia County Council Participation:**

It is anticipated that Volusia County Council may, from time to time, be requested to participate in marketing and promotion activities called for under this strategic plan. In addition, County Council **may** be requested to financially support an airline revenue guarantee. All requests for financial support from Volusia County Council shall be considered on a case-by-case basis.

Exhibit A  
**Proposed Contingency Budget**  
**Air Service Development Working Group FY 2001-2002**

|                                                  |                  |
|--------------------------------------------------|------------------|
| <b>Daytona Beach International Airport</b>       | <b>\$250,000</b> |
| Daytona Beach Halifax Area Advertising Authority | \$ 120,000       |
| Southeast Volusia Advertising Authority          | \$ 20,000        |
| <b>West</b> Volusia Advertising Authority        | \$ 5,000         |
| <b>Volusia</b> Manufacturers Association         | \$ 0             |
| <br>Total                                        | <br>\$395,000    |

FIVE YEAR STRATEGIC PLAN  
2001-2006

AIR SERVICE DEVELOPMENT  
WORKING GROUP



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**March 19, 2001**

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**An** important component of each air service proposal is the Marketing Partnership Program. This program sets forth a plan where the community aggressively steps forward to promote new air service options in Volusia County and the originating city. This step is necessary because major airlines no longer allocate significant marketing resources in secondary markets such **as** Daytona Beach.

The five-year strategic plan focuses on goals, objectives, and strategies for implementing the Marketing Partnership Program. In the past, airlines, such as LTU International provided excellent scheduled international air service and fares to the community, without benefit of an ongoing program of marketing assistance or support. **As** a result LTU International was unable to sustain the service. More recently, *Air Transat* expressed interest in seasonal service to Canada, requesting local marketing support. That support could not be provided because the request occurred outside the normal budget approval process. The five-year plan seeks to implement a mechanism that can address such contingencies in **a** timely and responsive manner.

### III. **Air Service Economic Situation Analy**

During the last 10 years, the population within the airport's *air* service region in East Central Florida has grown approximately 50% to **a** 1999 census estimate of 1,702,505. Between 1999 and 2004, Volusia County's population is expected to grow 6% from 425,500 to 451,100 with effective buying power projected to grow 24% from \$6,456,970 in 1999 to \$8,030,893 in 2004. Several hundred million dollars in new investment already has been committed, or is under construction along Daytona Beach with over 1000 new accommodation units and supporting facilities under development. Planning is under way to expand the Ocean Center convention center within the next several years and Volusia County **has** continued to attract approximately 8 million visitors per year with occupancy levels and average room rates remaining strong in 2000.

The Volusia County Council has focused renewed emphasis on attracting more quality businesses to Volusia County. The 1-4 corridor development of **high** tech businesses in Seminole county, located approximately **30** minutes drive from the airport, has continued to expand north toward Volusia County. Daytona Beach International Airport continues to offer the most logical and convenient airport option to serve the region's long-term air transportation and economic expansion needs.

However, for any community to fully realize its economic potential, air service connections to the domestic and global market must be promoted actively and sustained. All stakeholders who have a present or future economic interest in the development of Volusia County also have a long-term and logical business interest in actively promoting new air service options to strengthen Volusia's ties to the domestic and worldwide economy. Failure to maximize air service potential will only serve to divert both business and tourism growth toward those communities that demonstrate better capability to encourage and support such development.

#### IV. **Goals, Objectives and Strategies:**

The following identifies the major goals, objectives and strategies of the Strategic Plan:

**A. Goal #1** - Identify partners, including partners from private business enterprise, to establish an annual marketing contingency fund, beginning in FY **01/02** to enable rapid creation and execution of marketing programs supporting goals 2-5, thus maximizing public awareness and use of new air service options that develop during the year.

**Objective:** Identify appropriate levels of annual financial participation by all partners to be included as a budget component and secure approval by respective boards or governing authorities.

##### **Strategies:**

1. Provide educational and consensus building briefings to boards and individual members concerning the need, advantages and positive economic impacts of the air service development.
2. Specify and reinforce that contingency funds will be recommended for expenditure on a case by case basis with advertising authority funds only to be utilized in out of state market specific locations.
3. Use airport staff as key administrative support to implement marketing programs.
4. Develop a business travel group to market air service through **Daytona** Beach International Airport to the business community.

**B. Goal#2** - Increase the number of non-stop air service options and domestic passengers who utilize Daytona Beach International Airport.

**Objective:** Link marketing efforts promoting airlines and routes that are provided through Daytona Beach International Airport with destination and airport advantages.

**Strategies:**

1. Focus marketing on cooperative relationships with airlines whenever possible to maximize program effectiveness.
2. Augment and expand effectiveness of existing local and market **specific** advertising programs to position the airport as the preferred and recommended air transportation alternative for Daytona Beach, Volusia County and the surrounding region.
3. Continuously promote travel agent awareness and support in the **regional** area of Seminole, Volusia and Flagler counties.

**C. Goal#3** - Promote non-stop air service from Canada and other international points of origin, including Germany, the United Kingdom and the Caribbean.

**Objective:** Develop and maintain relationships with international airlines, tour operators and local destination properties to actively promote air service initiatives on the regional, domestic and international market levels.

**Strategies:**

1. Participate in selected trade shows, consumer shows and trade missions to advance awareness of the destination and airport capabilities in serving the international market.
2. Augment all international marketing efforts to include the airport **as the** preferred and recommended transportation alternative to Daytona Beach, Volusia County and the surrounding region.

**D. Goal#4** - Maximize business travel through Daytona Beach International Airport.

**Objective:** Focus marketing efforts on the highest concentration of potential business travelers such as high tech corridor in Seminole County, and all businesses which are within **45** minutes drive time and that have a significant need for frequent air travel.

### Strategies:

1. Develop a business lounge with free membership for businesses that generate significant annual travel with added parking and discount benefits available to eligible business.

2. Use direct mail and all appropriate electronic mediums keep the **business** community, chambers of commerce, and area convention and visitors bureaus informed of the advantages of airline and airport services. Such efforts would include the local and the originating city markets.

3. Continuously promote travel agent awareness and support in Volusia, Seminole and Flagler counties for business travel use of the airport.

4. Promote public speaking engagements by ~~airport~~ staff and Working Group members to inform the business community of airport advantages using power point and other appropriate presentation mediums where applicable.

5. Promote a business friendly airport on county web sites with appropriate links between partners.

6. Identify an “A” list **of** highest volume business travelers in Volusia, **Flagler** and Seminole counties and maintain a continuous flow **of** useful information utilizing e-mail or other appropriate formats, in cooperation with the Volusia County Manufactures Association and area Chambers of Commerce.

7. Form a business marketing group to develop and implement a business travel marketing plan. The group will examine the regional business community to determine high travel volume businesses.

Companies examined may include Embry Riddle Aeronautical University, Stetson University, Nascar, Volusia County School Board, and Volusia County Government. The business marketing group will market *air* service to these firms in an effort to gain their commitment to use new or expanded service through Daytona Beach International Airport. The commitment may be in the form **of** a travel bank, which can then be **used as** a negotiating tool with airlines considering service through Daytona Beach International Airport. The business’ commitment will provide a market driven **guarantee** to enable airlines to initiate and sustain new air service.

E. **Goal #5** - Promote Daytona Beach International Airport as the preferred and recommended transportation alternative to all market segments.

**Objective:** Build and maintain a constant awareness and direction in advertising and public relations that the preferred and recommended transportation option to Daytona Beach, Volusia County and the surrounding region is through Daytona Beach International Airport.

**Strategies:**

1. Promote internal policies that always endorse Daytona Beach International Airport first, and avoid advertising alternate airport gateways.

V. **Operation and Implementation:**

The five-year strategic plan shall serve to establish an annual airline marketing contingency budget to promote increased business and leisure travel through the Daytona Beach International Airport. Operation of the plan will remain flexible and responsive to new air service initiatives but will also provide an ongoing consensus that Daytona Beach International Airport will be promoted continuously by all stakeholders as the preferred airport transportation choice for the region.

Expenditure of contingency budget funds shall be conditioned on the approval of the Air Service Development Working Group as well the governing boards of the advertising authorities. The marketing budget shall be developed each year beginning 2001 through 2006 by the Air Service Development Working Group to be specifically included in the budgets developed by the Daytona Beach International Airport, the Daytona Beach Halifax Area Advertising Authority, The Southeast Volusia Advertising Authority, and the West Volusia Advertising Authority. Expenditure of contingency budget funds shall be authorized on a case-by-case basis by specific approval by all applicable governing authorities or boards or their authorized designee.

The recommended contingency budget for FY2001-2002 is attached hereto as Exhibit A.

VI. **Volusia County Council Participation:**

It is anticipated that Volusia County Council may, from time to time, be requested to participate in marketing and promotion activities called for under this strategic plan. In addition, County Council may be requested to financially support an airline revenue guarantee. All requests for financial support from Volusia County Council shall be considered on a case-by-case basis.

**Exhibit A**  
**Proposed Contingency Budget**  
**Air Service Development Working Group FY 2001-2002**

|                                                  |                  |
|--------------------------------------------------|------------------|
| <b>Daytona Beach International Airport</b>       | <b>\$250,000</b> |
| Daytona Beach Halifax Area Advertising Authority | \$ 120,000       |
| Southeast Volusia Advertising Authority          | \$ 20,000        |
| <b>West</b> Volusia Advertising Authority        | \$ 5,000         |
| Volusia Manufacturers Association                | \$ 0             |
| <br>Total                                        | <br>\$395,000    |

Attachment O  
Air Service Development Working Group Members

# Daytona Beach International Airport Air Service Development Working Group

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